

Aviva plc

Results 2017

Disclaimer

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For a more detailed description of these risks, uncertainties and other factors, please see ‘Other information – Shareholder Information – Risks relating to our business’ in Aviva’s most recent Annual Report. Aviva undertakes no obligation to update the forward looking statements in this presentation or any other forward-looking statements we may make. Forward-looking statements in this presentation are current only as of the date on which such statements are made.

Mark Wilson

Aviva plc

Group Chief Executive Officer

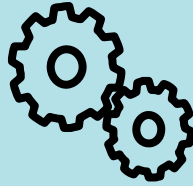
2017 key metrics – strong across the board



EPS

EPS
54.8p +7%¹

Operating profit²
£3,068m +2%¹



Capital

Capital Generation
£2.6bn

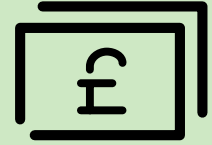
Solvency II ratio³
198%



Cash

Cash remittance
£2.4bn

Centre liquidity
£2.0bn



Dividend

27.4p per share
+18%

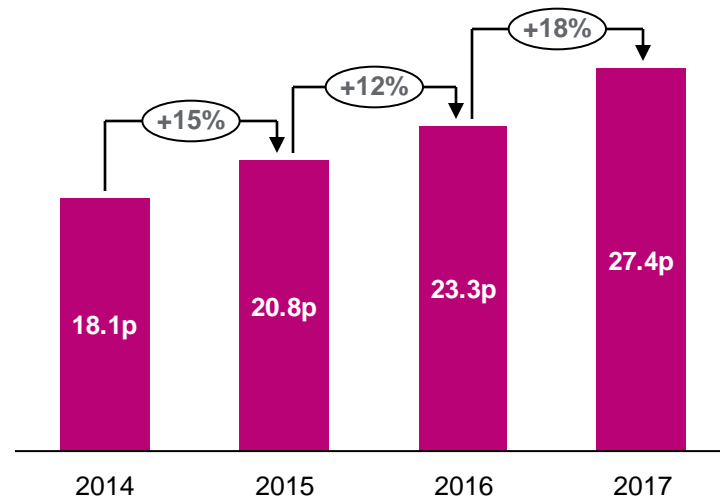
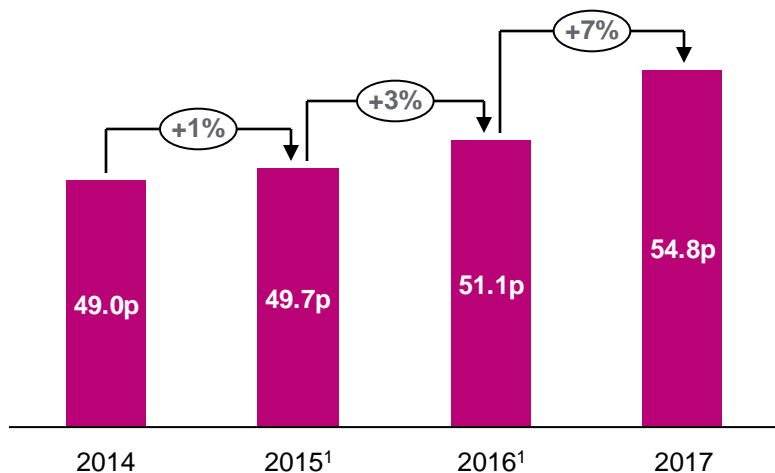
50% pay-out ratio
+4pp

Growing EPS and dividend

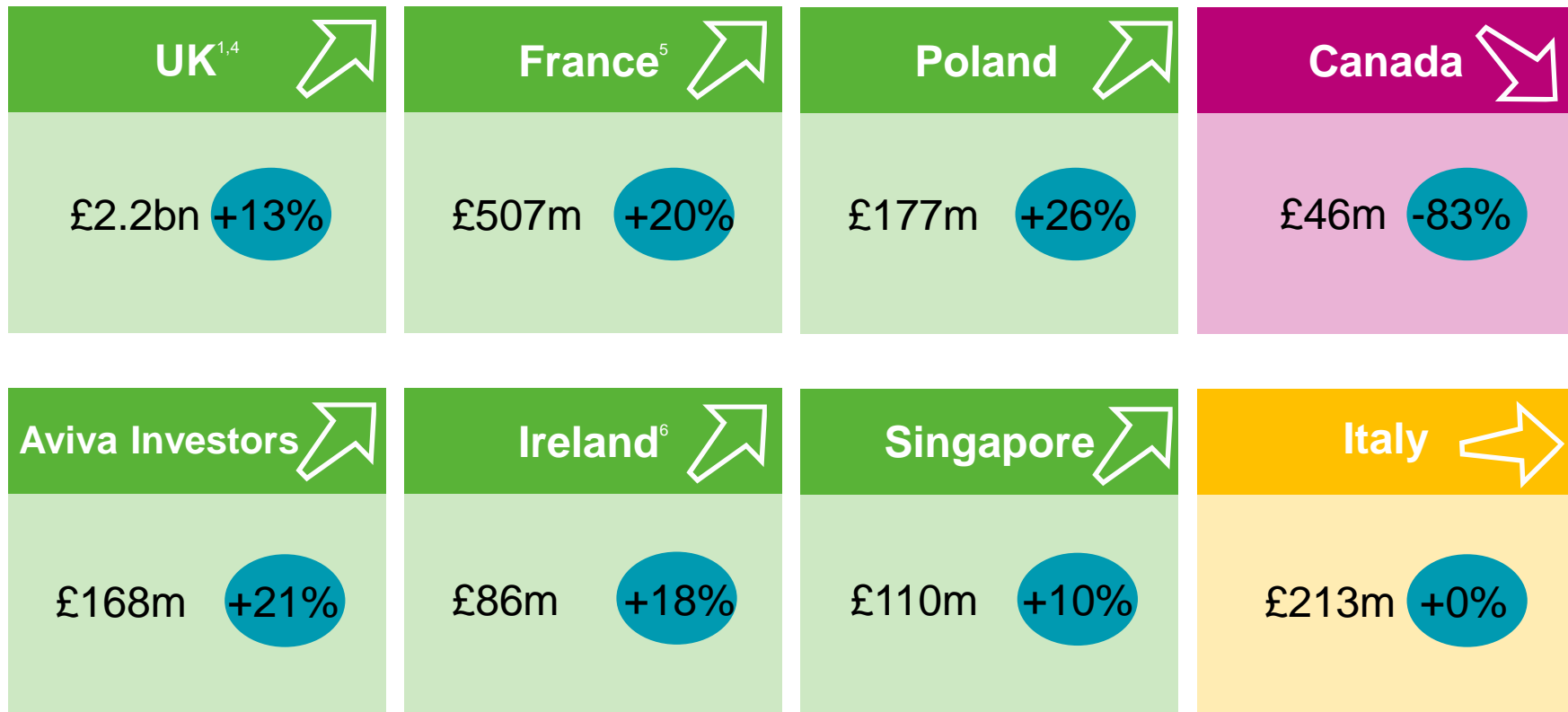
EPS: +7%



Dividend per share: +18%



Major markets – broad based profit growth across major markets



Major markets – competitive advantages delivering results

UK

BPA sales up 3x
Savings flows up 2x
GI COR⁷ 93.9%

France

VNB⁹ +14%
UL / protection: 48% of sales
GI COR⁷ 94.5%

Poland

>30% RoCE
Life – positive mix shift
GI COR⁷ 86.7%

Canada

PYD adverse 1.3%
Challenging auto market
GI COR⁷ 102.2%

Aviva Investors

Revenue +14%
Net fund flows £1.6bn
Infrastructure origination +24%

Ireland

NWP +15%
GI COR⁷ 91.4%

Singapore

VNB⁹ +29%
Aviva FA: 673 advisers

Italy

VNB⁹ up 2x
Net flows £2.3bn

Major markets – targeting above mid-single digit growth from 2018

UK

Savings, structural growth
BPA & GCS, expand appetite
Digital direct, gaining share

France

Mix, further optimisation
Unlock distribution potential
Efficiency benefits

Poland

GI, continued growth
Direct sales productivity
Digital direct, partner channel

Canada

Recovery program
Distribution breadth
Composite expansion

Aviva Investors

Externalisation: 3rd party AUM
Diversified excellence
Adding talent & capability

Ireland

Maintain margin excellence
Scale up composite
Friends First integration







Singapore


Disruption play
Expand FA channel
Leading asset platform

Italy

Broaden distribution
Product innovation driving
improved mix and margin

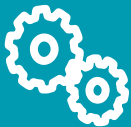
Strategic investments support long-term growth

Market		Population	Growth drivers
China		1.4bn	<ul style="list-style-type: none">• Broad geographic footprint with agency growth• Digital agency tools boosting productivity
Hong Kong		7.4m	<ul style="list-style-type: none">• Disruption play• JV with Tencent approved
Indonesia		261m	<ul style="list-style-type: none">• JV with No. 1 conglomerate (Astra)• Geographic expansion, multi-channel approach
Vietnam		92.7m	<ul style="list-style-type: none">• 100% owned• Long-term exclusive distribution
Turkey		79.5m	<ul style="list-style-type: none">• No. 2 Life position• Structural market growth
India		1.3bn	<ul style="list-style-type: none">• Improved market fundamentals• Strategy under review

High growth 

Confidence in long-term growth prospects

Structural growth



Auto-enrolment

DB de-risking

Demographics

Welfare reform

GDP +

Expanding capability



Big data & Artificial Intelligence

Aviva Investors

Bulk Purchase Annuities

Global Corporate & Specialty

Bolt-on M&A appetite

Aviva advantage



Trusted brand



Composite

Scale efficiency






Partner of choice

Digital ecosystem

£2bn capital deployment incrementally positive for EPS and cash-flow

	2017 	2018 
Organic growth	Digital, BPA, Savings, AI, HSBC partnership	Invest to grow – self funding Aviva Investors, BPA, partnerships, GCS, LT savings
Bolt-on M&A	Vietnam, Wealthify	c.£600m Existing markets focus (incl. Friends First) Digital and data capabilities
Debt deleveraging	\$650m debt repayment	c.£900m Repay hybrid debt
Capital returns	£300m share buyback	Prefs and other buybacks- c.£500m Ability to cancel expensive preference shares through capital reduction* Consider additional returns in 2H18

Checklist – 2017 Results

Grow EPS		54.8p, +7%¹ growth
Strong capital		198%³ , £2bn to deploy in 2018
Grow dividend		27.4p, 4th year of double digit growth
Composite		Benefits delivered across major markets
Digital		Growing digital revenues and interactions

Tom Stoddard

Chief Financial Officer

Operating profit

£m		FY16	FY17	Change
Major markets	UK Insurance ^{1,4}	1,946	2,201	13%
	Ireland (excl. Health)	73	86	18%
	Aviva Investors	139	168	21%
	France (excl. Antarius)	421	507	20%
	Canada	269	46	(83)%
	Poland	140	177	26%
	Italy	212	213	-
	Singapore	100	110	10%
Total major markets		3,300	3,508	6%
Strategic investments		(52)	(85)	(63)%
Corporate costs, non insurance & other		(131)	(147)	(12)%
Group debt costs		(411)	(400)	3%
FPI		140	119	(15)%
Contribution from disposals*		164	73	(55)%
Operating profit ²		3,010	3,068	2%

Operating EPS¹

54.8p

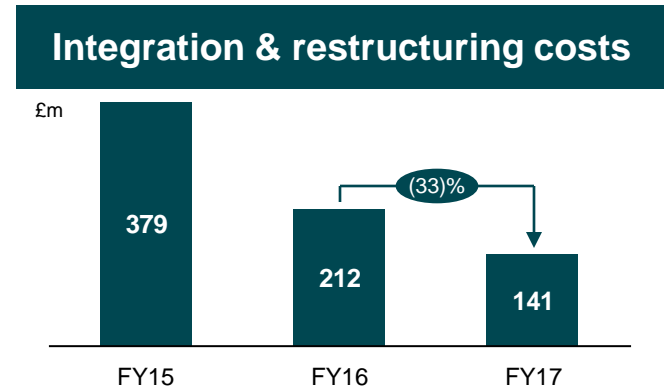
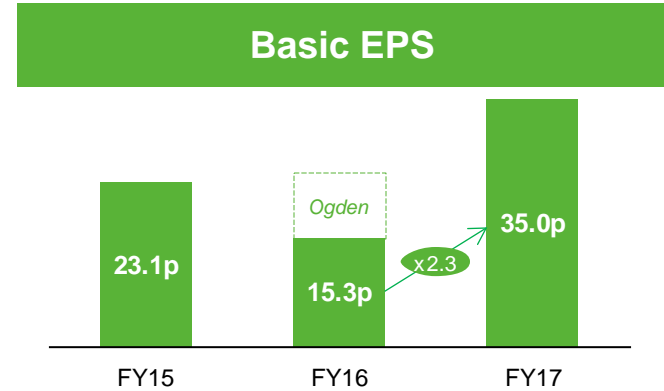
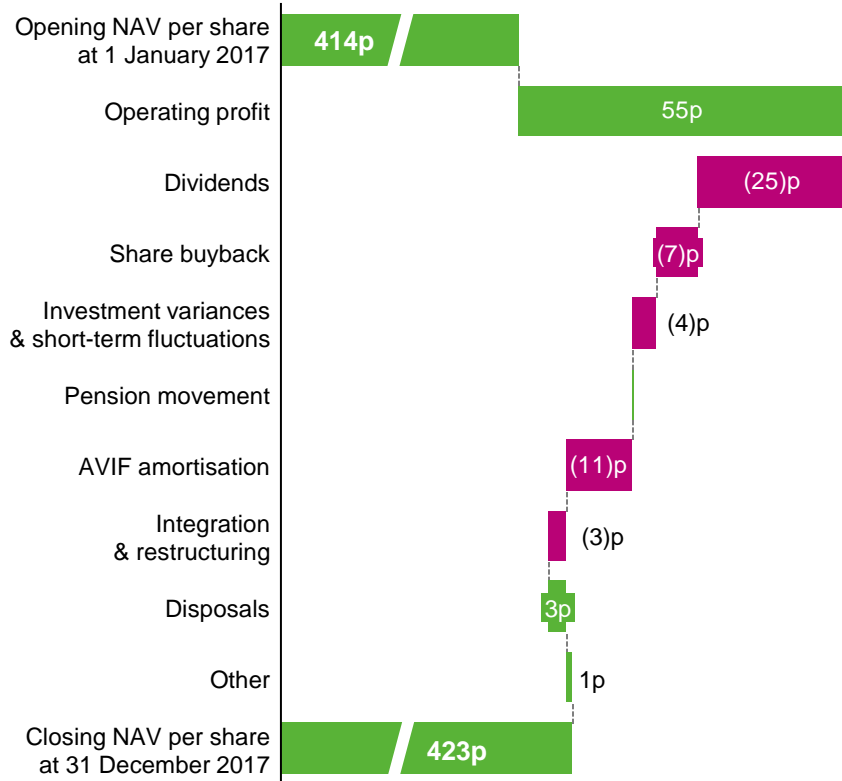
+7%

Operating EPS¹
after I&R costs

52.0p

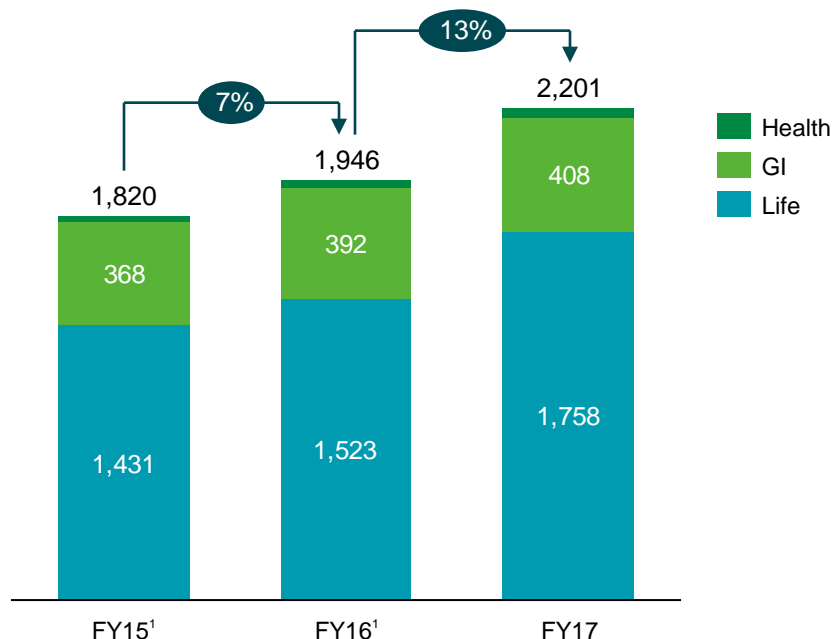
+11%

Net asset value⁷



Operating profit²

£m



Performance and priorities

- Unique large scale composite with unparalleled distribution and brand and a top 3 rank across multiple product lines
- Long term savings net flows near doubled to £5.6bn, BPA volumes⁹ tripled to £2bn and Protection VNB⁸ up 21%
- GI NWP up 4% with +14% in Direct; Best underwriting result in 11Y with 93.9% COR⁷ and improved underlying performance
- ROCE for combined UKI business improved to 14%
- Looking forward:
 - Targeting rising savings net flows and increased BPA appetite
 - Partnerships (incl. HSBC), new digital propositions and Global Corporate & Specialty to drive further GI NWP growth

UK Insurance profit drivers

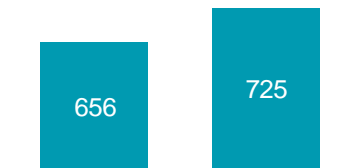
Life

+9% operating profit² growth from core segments



Long-term savings

- £118bn AuA (+13%)
- £20bn Platform AuA (+56%)
- Stable inforce margin (25bps)



Annuities & Equity Release

- £4.3bn PVNBP (+58%)
- Our largest ever BPA win (£0.6bn)
- Continued asset optimisation



Protection

- New business volumes up 11% from continued success of digital platform & composite model
- Adverse claims experience in existing group business

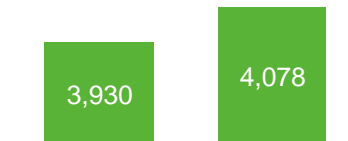
FY16

FY17

■ Operating profit (£m)

General Insurance

+4% operating profit² growth



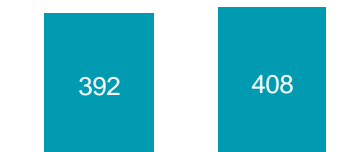
Net written premiums (£m)

- Organic growth in higher margin products & channels
- +17% Direct Personal Motor
- +8% Commercial Non Motor



Combined ratio^{7,11} (%)

- Underwriting result up 6%
- Normalised COR improved by 1.3pp
- 1.0pp benefit from PY releases (FY16: 2.2pp)



Operating profit² (£m)

- Sustainable earnings' growth
- Leading edge data analytics across claims, underwriting and pricing

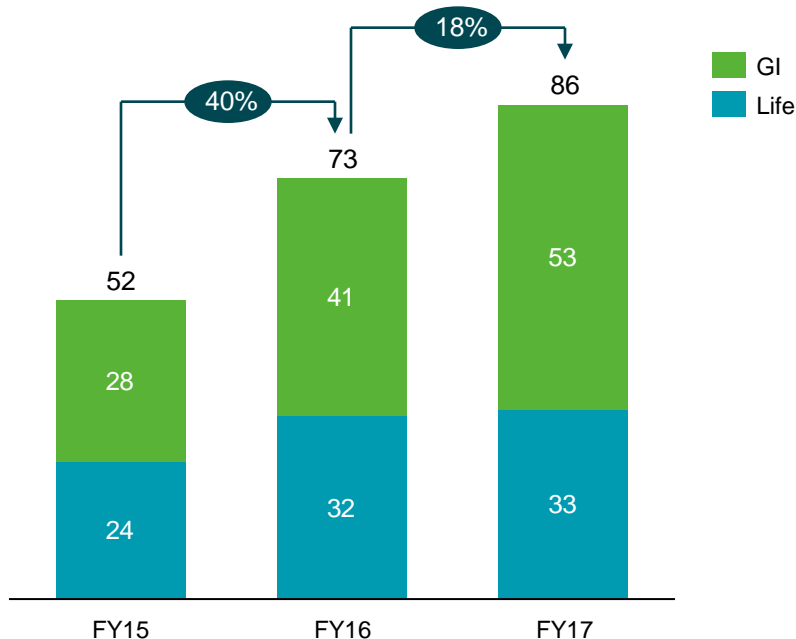
FY16¹

FY17

Ireland

Operating profit²

£m

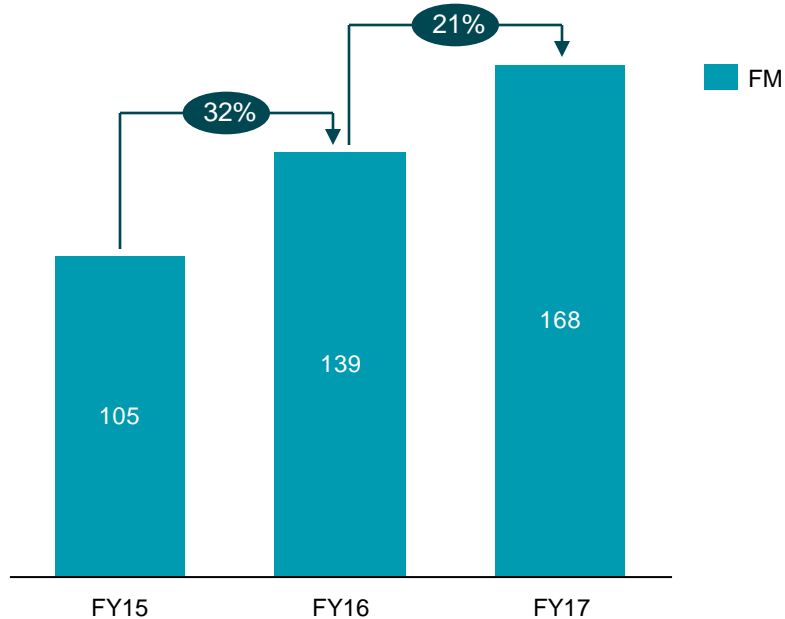


Performance and priorities

- True Customer Composite ('TCC') with exceptional brand recognition and 15% market share in GI
- +15% NWP: growth across all channels and Direct in particular
- COR⁷ improved to 91.4% (FY16: 92.4%) from robust fraud management and rate increases despite lower releases and less benign weather
- VNB⁹ broadly stable at £11m
- Looking forward:
 - Seek to replicate UK strengths by bringing together digital propositions & large scale composite model to capitalise on strong brand recognition
 - Complete Friends First acquisition (expected to be accretive from Y1) and become the largest composite with 15% market share in both Life & GI

Operating profit²

£m



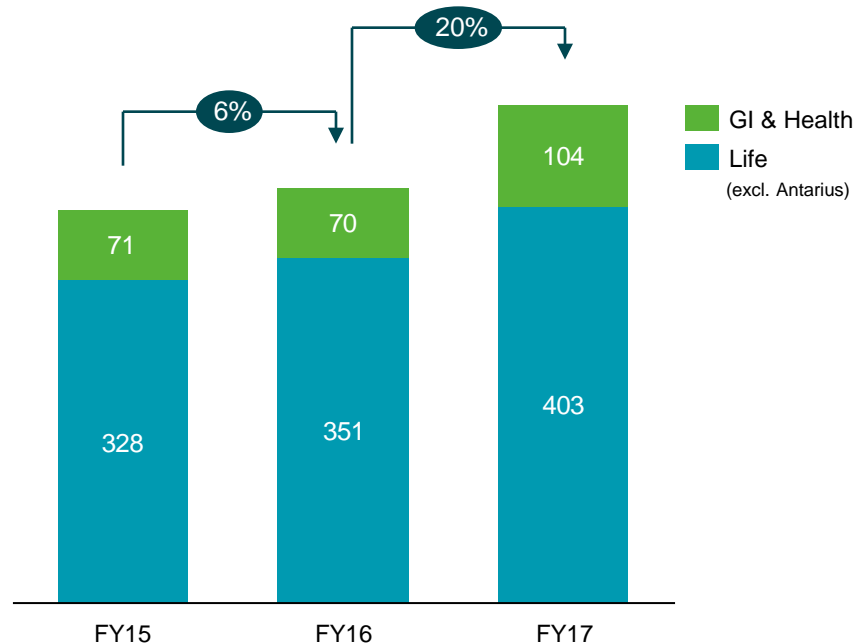
Performance and priorities

- Strong growth engine with 25.7% ROE (FY16: 24.4%)
- Operating profit margin increased to 29% (FY16: 27%)
- Growing share of external clients: 21% of AuM and 34% of revenue at FY17, +5pp and +2pp respectively vs. FY16
- £353bn AUM with net inflows of £1.6bn; AIMS AUM +40% to £12.6bn (FY16: £9.0bn)
- £4.1bn of infrastructure assets originated in 2017 (+24%)
- Looking forward:
 - Target improved investment performance from AIMS to restore momentum in net flows and AuM growth
 - Accelerate 'Real Assets' offering and continue to support UK through origination of long-term private debt assets

France

Operating profit²

£m

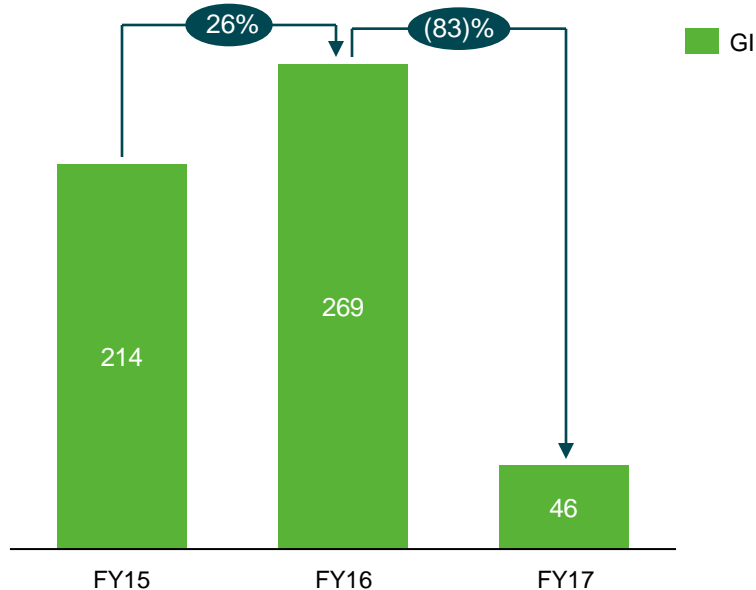


Performance and priorities

- Strong distribution footprint, with increased brand recognition providing an opportunity to expand our presence with customers
- Outperforming the market in 2017: Unit-linked net inflows +68% vs. +43% market¹²; GI premiums +3% vs. +2% market¹²
- VNB⁹ up 14% (excl. Antarius) with further shift in mix as protection & linked sales were 48% of PVNBP⁹ (FY16: 38%)
- COR⁷ improved to 94.5% from better underwriting and lower large losses; GI NWP +3% (excl. FX) with Direct up 5%
- Expense discipline: stable cost base excl. FX and Antarius
- Looking forward:
 - Manage for efficiency
 - Unlock distribution potential by implementing differentiated customer propositions under one Aviva brand

Operating profit²

£m



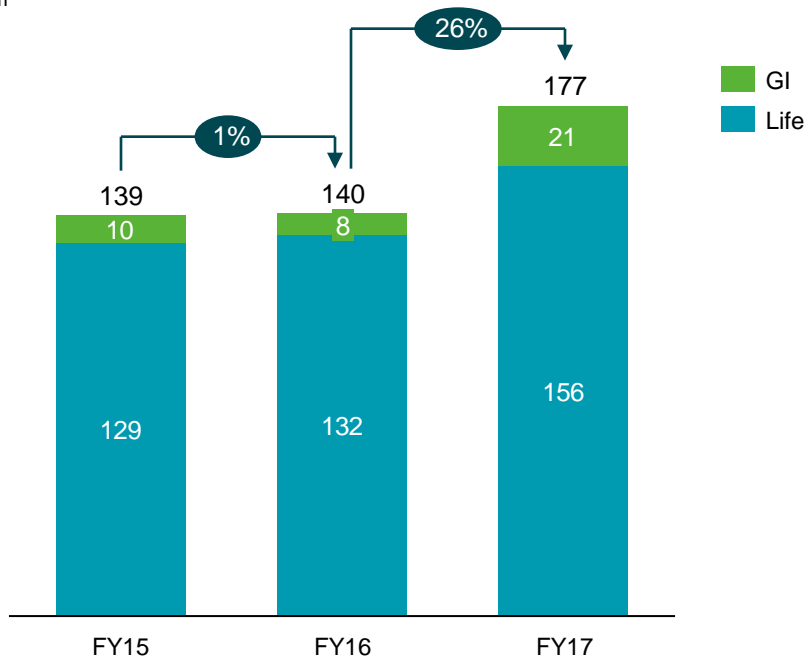
Performance and priorities

- Off-year for typically high ROCE franchise, #2 GI insurer with a diversified distribution and 10% market share
- 6.7pp swing in prior year development ('PYD'): (1.3)pp adverse at FY17 vs. 5.4pp favourable at FY16
- 7Y trend of favourable PYD following previous government reforms ceased, as evidenced by adverse trend in Ontario Auto market
- COR⁷ 102.2% (FY16: 93.0%); Normalised AY COR 100.7% (FY16: 97.7%) mainly from higher claims inflation in Auto
- NWP up 23% to £3bn; Excl. RBC & FX, NWP up 5%
- Looking forward:
 - Restore COR to 94-96% range by 2020 through targeted actions on pricing, underwriting and claims
 - Prioritising underwriting profit growth over topline NWP

Poland

Operating profit²

£m

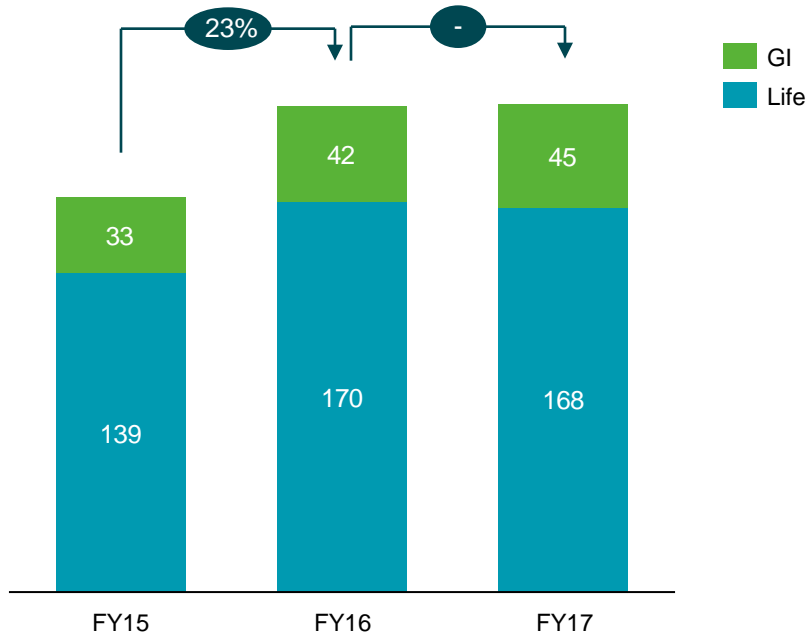


Performance and priorities

- High ROCE business with full TCC capabilities, multi-channel distribution, strong digital credentials and 15% share of profit pool
- VNB⁹ £57m (FY16: £54m); Maintained high quality mix with protection & unit-linked sales c85% of total
- COR⁷ improved to 86.7% from positive underwriting actions on Motor; NWP +36% benefitted from JV consolidation
- Distribution footprint further strengthened: MyAviva platform launched and new deal with ING announced
- Looking forward:
 - Strong growth prospects
 - Continue to build scale: further expand GI business and Digital/Direct offering, bolt-on M&A desirable

Operating profit²

£m



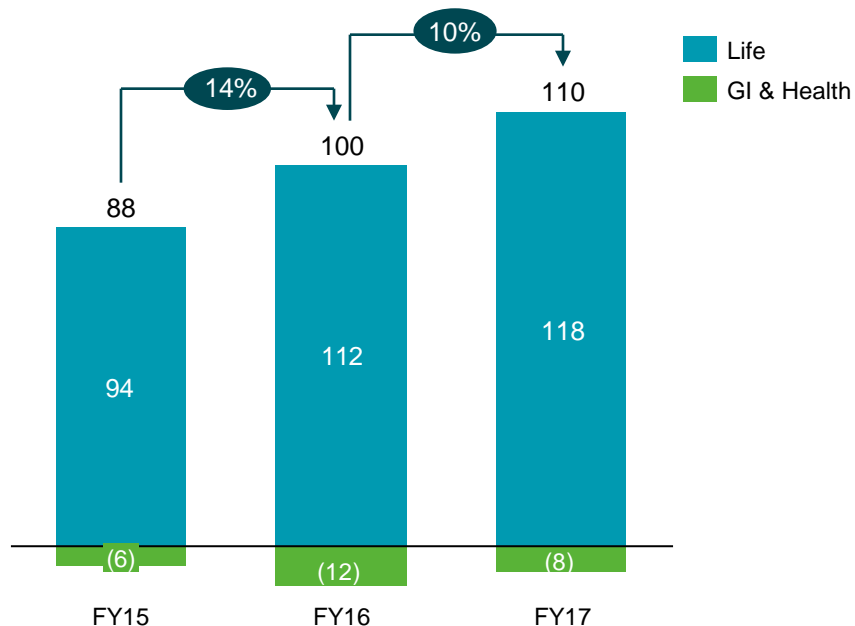
Performance and priorities

- Composite business with major bancassurance partnerships and a growing IFA franchise
- VNB⁹ more than doubled to £179m (FY16: £83m) from higher volumes and improved with-profit margin; Capital-light 'hybrid' product sales up 76%¹³ driving net flows of £2.3bn (+38%)
- New business strain dampened operating profit in 2017
- COR⁷ 94.2% (FY16: 92.5%) from lower PYD with broadly stable underlying performance
- Looking forward:
 - Continue shift to capital-light products, grow FA network and further develop digital capabilities
 - Complete sale of Avipop JV to Banco BPM

Singapore

Operating profit²

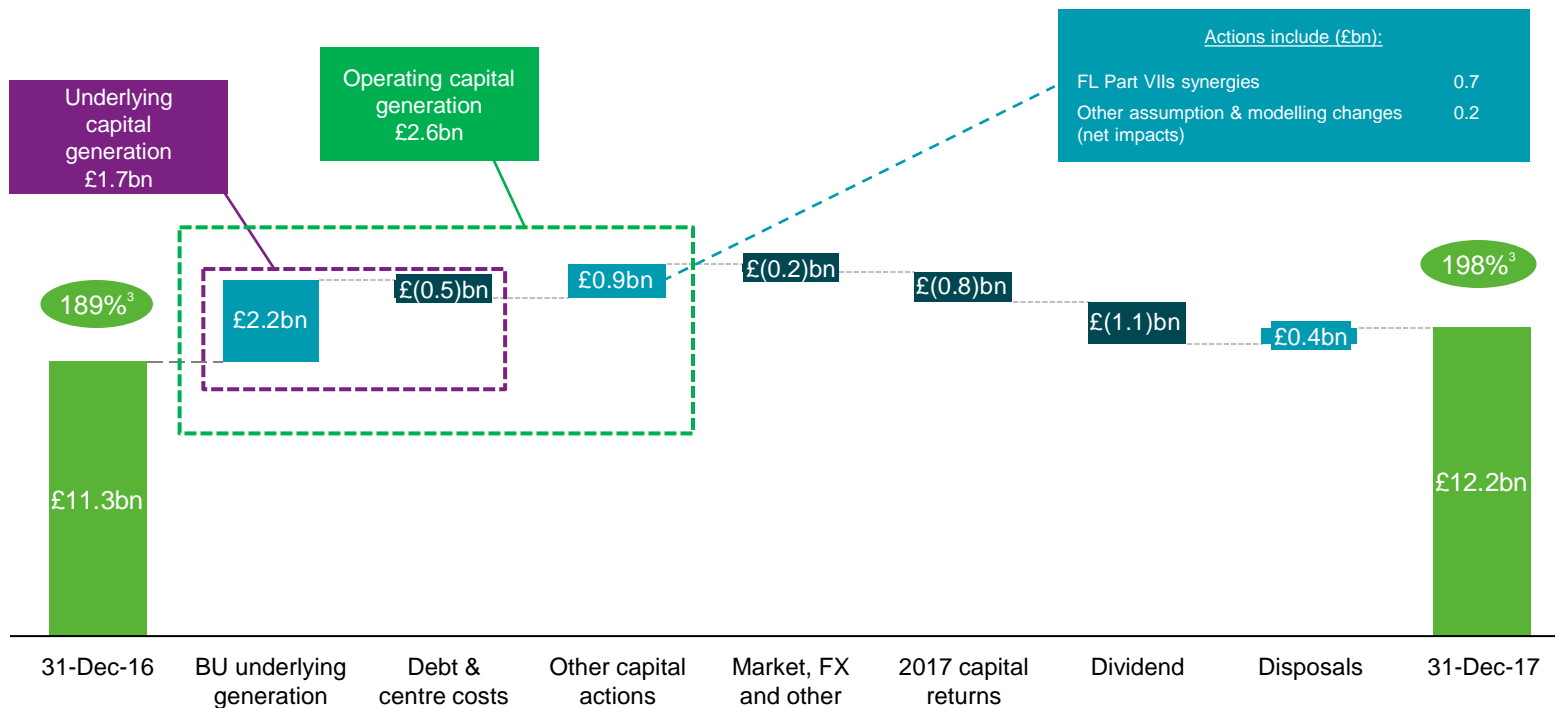
£m



Performance and priorities

- Profitable franchise in leading wealth centre
- Top 6 life & health franchise / Opportunity to take additional share through disruptive distribution strategy
- 29% growth in VNB⁹ to £123m with double-digit volume increase in savings & protection products
- Aviva Financial Advisers: 673 advisers at FY17 (+60%) and market leader in FA regular premium space
- +10% operating profit despite expense of building FA channel & adverse impact on GI profitability from investment to build scale
- Looking forward:
 - Capitalising on Aviva strengths as digital composite and partner of choice to accelerate growth
 - Double digit sales growth target for FA segment

Capital generation



Cash remittances

£m	FY16	FY17	Change
UK ¹⁰	1,187	1,800	52%
<i>UK underlying</i>	937	1,300	39%
<i>Friends Life special</i>	250	500	100%
Europe ¹⁰	449	485	8%
Canada	130	55	(58)%
Asia	-	-	-
Aviva Investors	39	57	46%
Cash remittances	1,805	2,398	33%

- Cumulative cash remittances (incl. proceeds from completed disposals only) on track at £4.6bn* vs. £8bn 2016-18 target
- £750m of Friends Life specials remitted to date vs. 2016-18 target of £1bn+
- France: DVA approval improves strength and resilience of local capital position; Opportunity for further capital optimisation in 2018 (FRPS)
- Canada's remittance reflects disappointing FY17 performance
- Centre liquidity increased to £2.0bn (FY16: £1.8bn)

Capital deployment – 2018

**£2bn
available
to deploy**

**De-leveraging
c£0.9bn+**

Retiring hybrid debt

€500m 6.875% T2 (May*)

\$575m 7.875% RT1 (Nov*)

**Optional first call dates*

**Bolt on M&A
c£0.6bn**

Friends First Ireland

€130m

expected completion 1H18

M&A budget

Focus on existing major markets
& Digital/Data capabilities

Unused component available for
additional debt reduction or capital return

**Capital returns
>£0.5bn**

Liability management

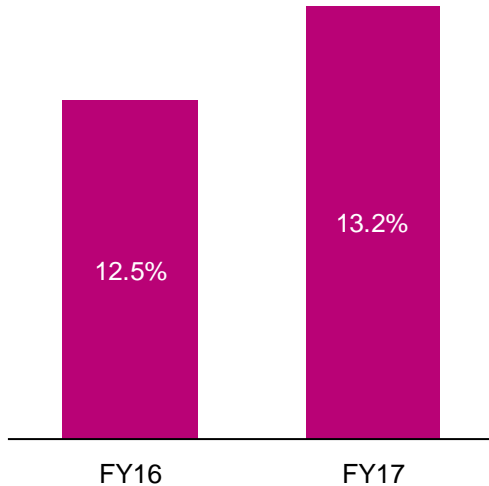
Ability to cancel expensive
preference shares through capital
reduction**

Additional returns

Share buy-back and/or special dividend
potential in 2H18. Size subject to M&A
and liability management

Allocating resources to deliver growth and cash

Group ROE



Allocating resources

- Big Data/AI & customer propositions
- Distribution relationships
- Aviva Investors
- Bulk Purchase Annuity
- Global Corporate & Specialty
- Strategic partnerships
- Bolt-on M&A

Driving cash & efficiency

- Complete pending divestitures
- Special remittances from UKI capital synergies
- Internal focus on Economic Value Added ('EVA') and business unit remittance ratios
- Global shared services
- Commencing Zero-Based Budgeting ('ZBB')
- Further back-book optimisation

Sources of EPS growth

2017 operating EPS growth



2018 outlook

Targeting operating EPS growth >5%

- + Organic growth in major markets: >5%
- + Partial rebound in Canada: 1-2%
- + 2017 capital returns: c2%
- + 2018 planned capital returns: 1-1.5% (with full benefit in 2019)
- Perimeter changes: c(4)% from:
 - Residual impacts from 2017 disposals
 - FPI, Avipop & rest of Spain: mid year expected completions
- Tax: c(1)-(2)%
- ? FX, weather & other

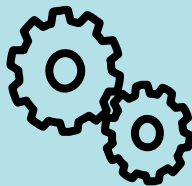
Results and Targets



Operating EPS

Operating EPS
54.8p +7%¹

Aiming for >5%
growth p.a.



Capital

Solvency II ratio³
198%

£3bn to deploy over
2018-19



Cash

Cash remittances
£2.4bn

On track to deliver
£8bn 2016-18



Dividend

27.4p per share (+18%)
50% pay-out ratio

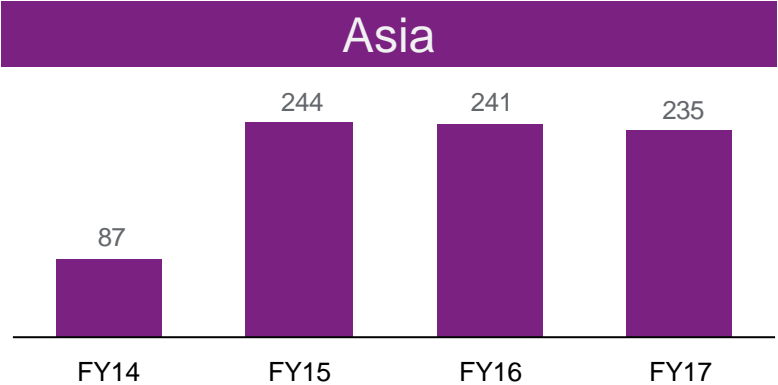
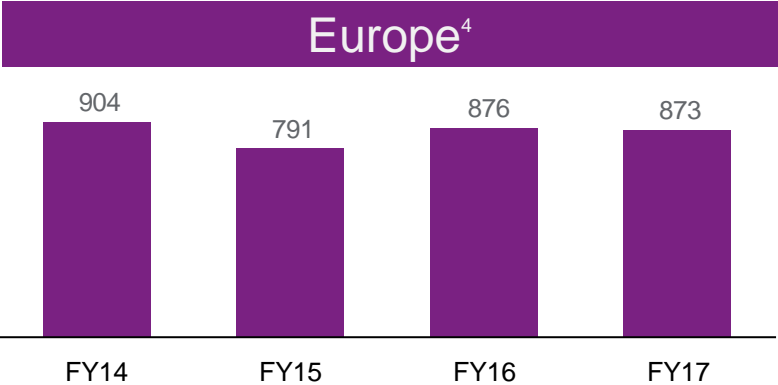
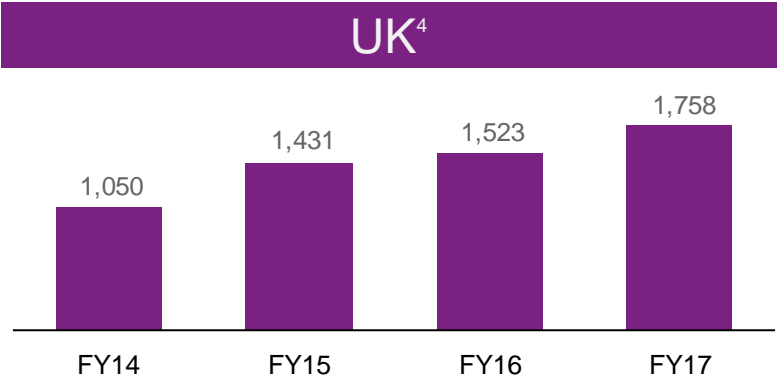
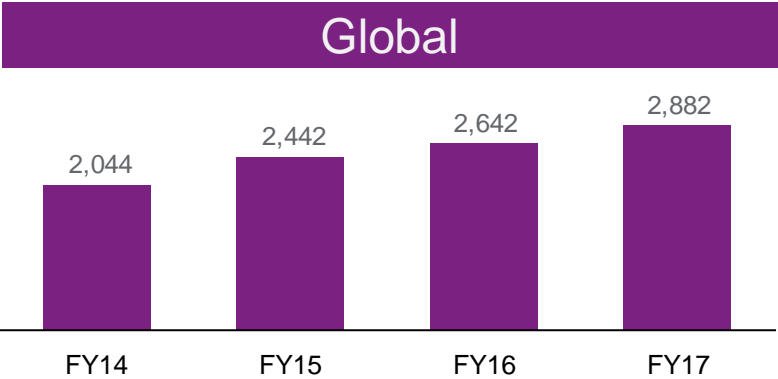
Targeting 55-60%
pay-out ratio by 2020

Appendix



Life

Life operating profit² snapshot

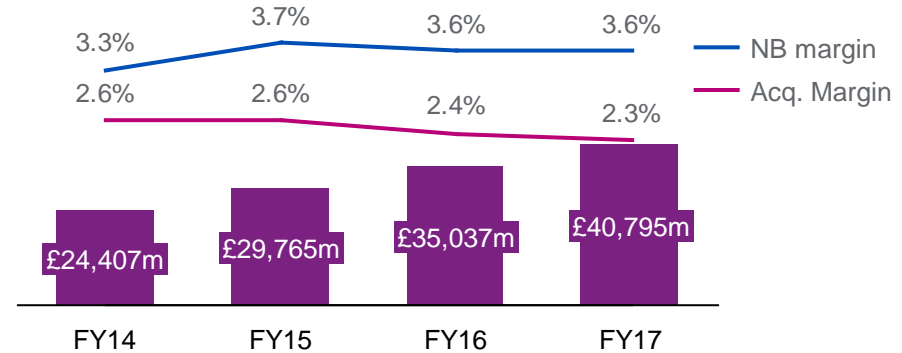


Profit drivers (Global life)

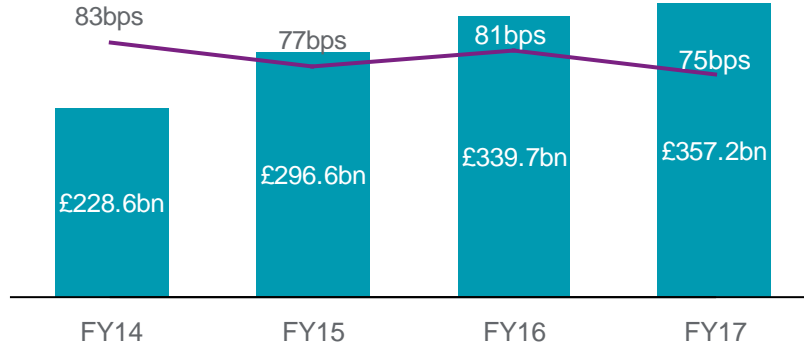
Underwriting margin



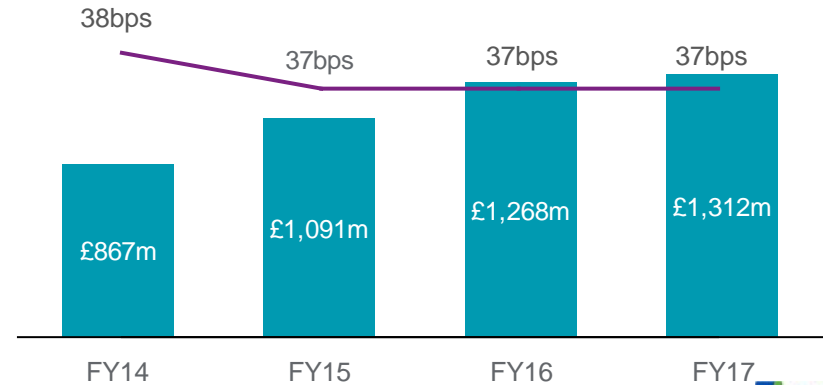
New business (PVNBP⁹)



Investment return (AUM / margin)

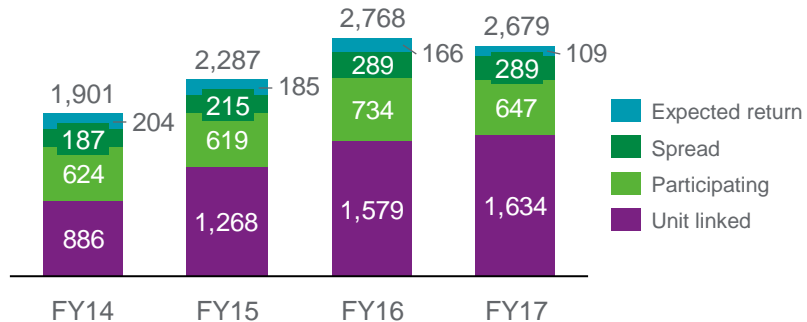


Admin expenses & unit cost

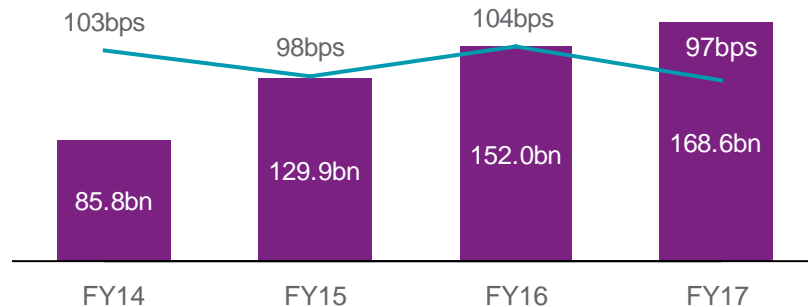


Investment revenues (Global life)

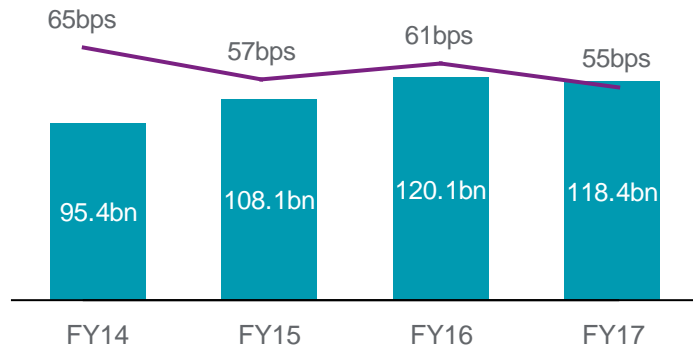
Investment revenue mix



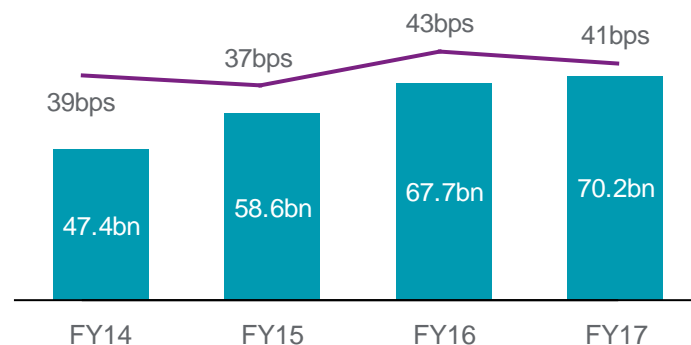
Unit linked (reserves/AMC)



Participating (reserves/bonus)

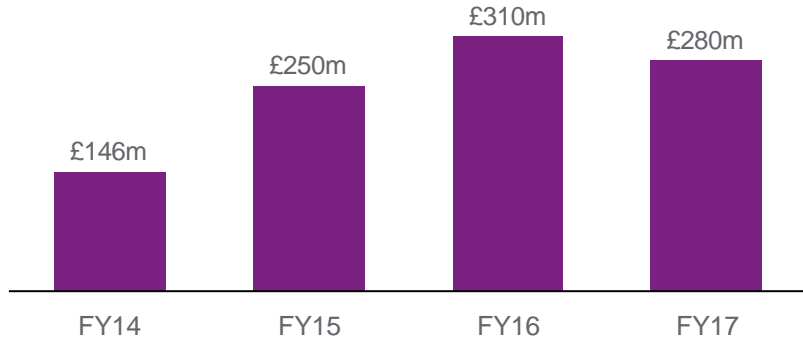


Spread (reserves/margin)

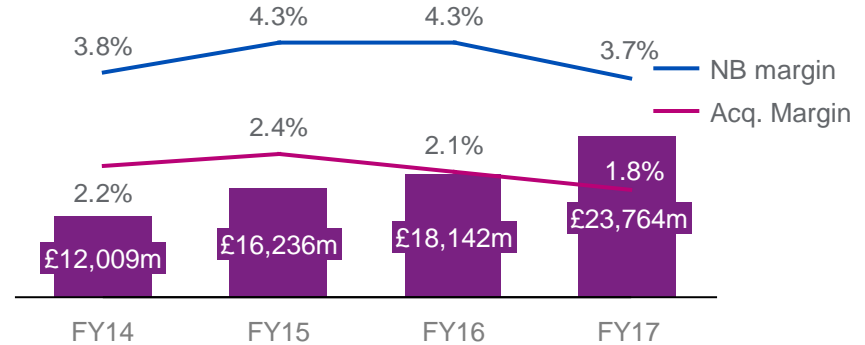


Life profit drivers (UK⁴)

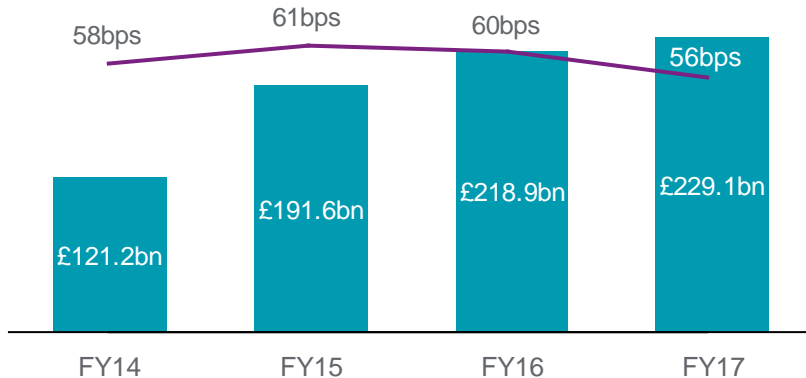
Underwriting margin



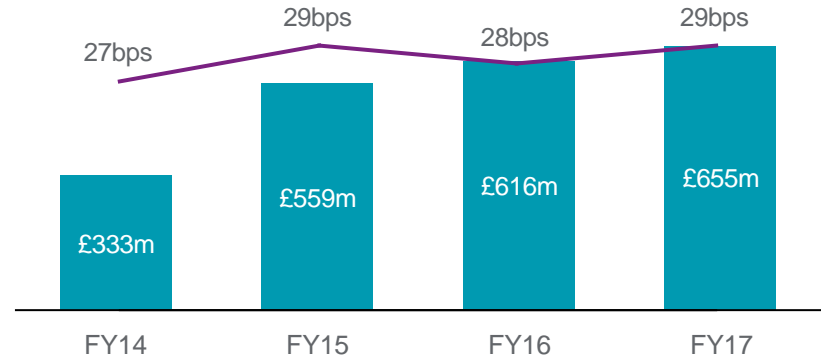
New business (PVNBP⁹)



Investment return (AUM / margin)



Admin expenses & unit cost

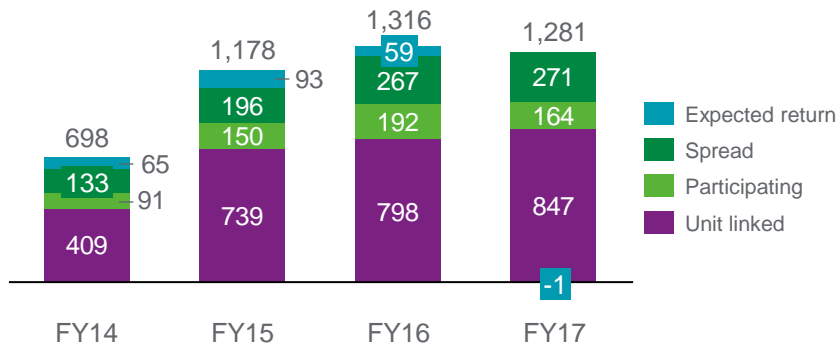


UK profit overview

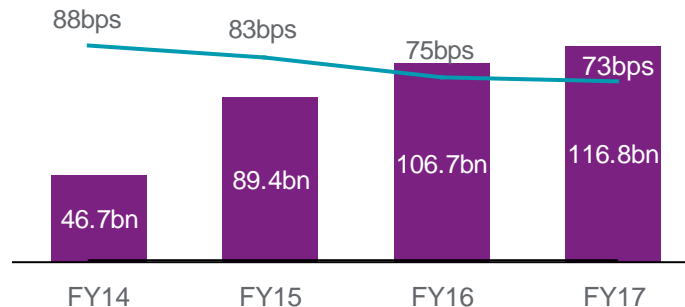
£m		Operating profit ²			Margin			Driver	
		FY16 £m	FY17 £m	Δ	FY16 % bps	FY17 % bps	Target range	FY16	FY17
Long Term Savings	New	(77)	(74)	4%	n/a	n/a	(90)-(100)		
	Existing	219	259	18%	25bps	25bps	25-30bps	88bn (Opening assets)	105bn (Opening assets)
	Total	142	185	30%					
Annuities & Equity Release	New	305	335	10%	11%	8%	7.5-8.5%	2,711m (PVNBP)	4,287m (PVNBP)
	Existing	351	390	11%	67bps	68bps	55-70bps	52bn (Opening assets)	57bn (Opening assets)
	Total	656	725	11%					
Protection	New	118	130	10%	54%	52%	40-50%	219m (APE)	248m (APE)
	Existing	124	97	(22)%	8%	6%	7.5-8.5%	1.66bn (In-force premiums)	1.69bn (In-force premiums)
	Total	242	227	(6)%					
GI	Underwriting ¹	232	246	6%				4,444m (GI & Health NWP)	4,587m (GI & Health NWP)
	LTIR & other	160	162	1%				93.9% ¹ (GI COR)	93.9% (GI COR)
	Total	392	408	4%					
Health	Total	31	35	13%					
Total from core businesses		1,463	1,580	8%					
Legacy		332	331	-	40bps	41bps	35-40bps	83bn (Opening assets)	81bn (Opening assets)
Other		151	290	92%			£150-200m		
Total		1,946	2,201	13%					

Investment revenues (UK)

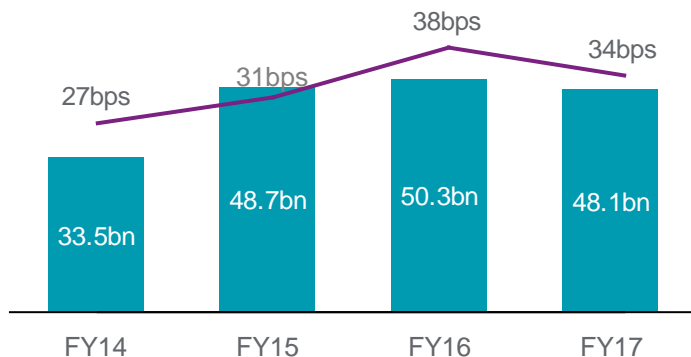
Investment revenue mix



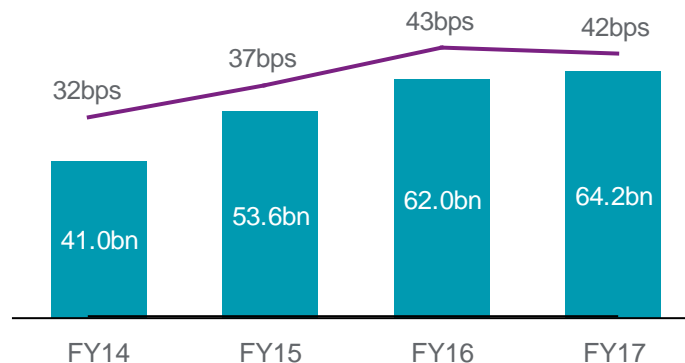
Unit linked (reserves/AMC)



Participating (reserves/bonus)



Spread (reserves/margin)

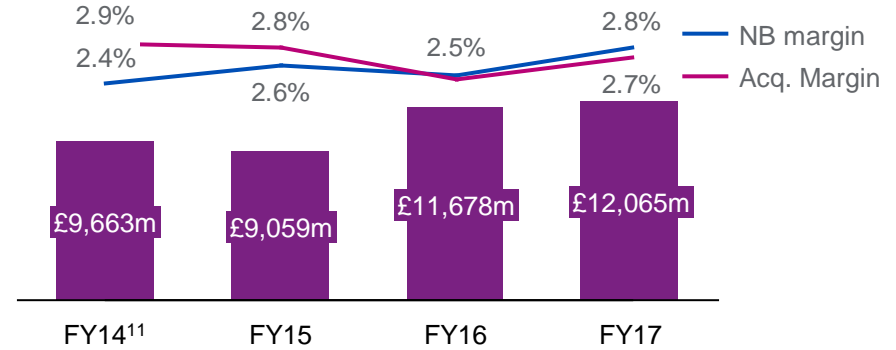


Life profit drivers (Europe⁴)

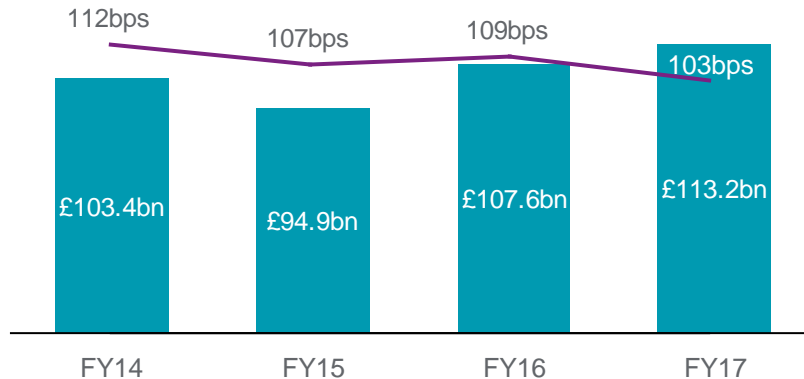
Underwriting margin



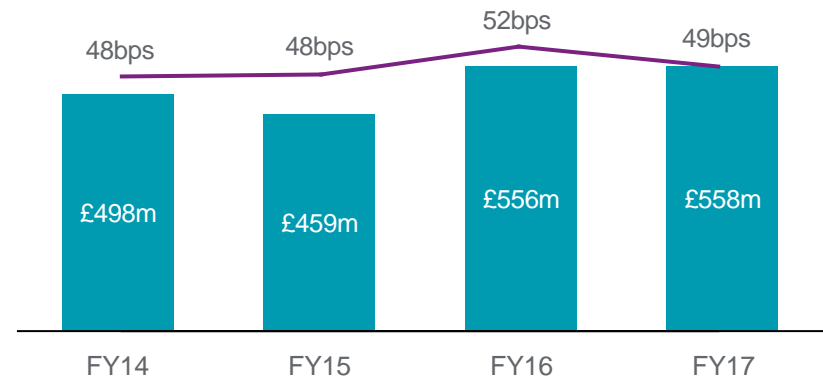
New business (PVNBP⁹)



Investment return (AUM / margin)

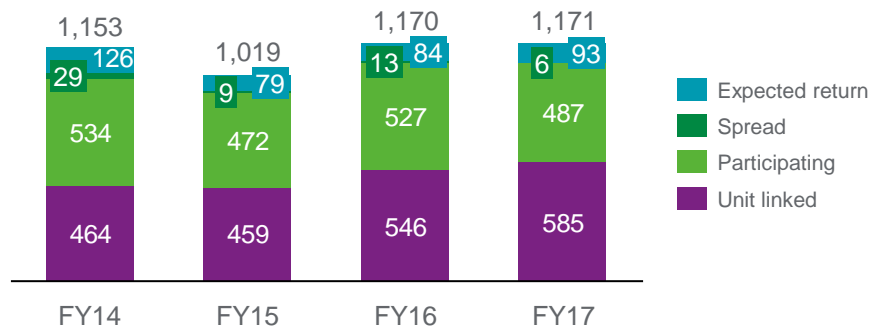


Admin expenses & unit cost

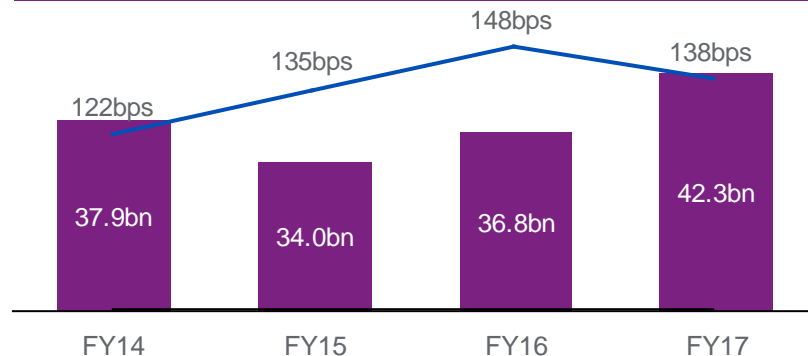


Investment revenues (Europe⁴)

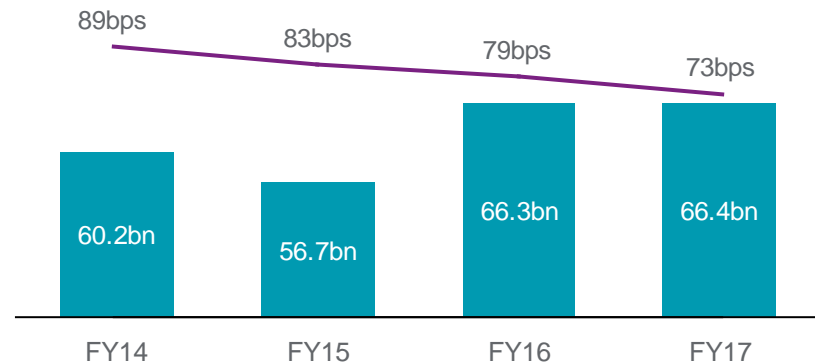
Investment revenue mix



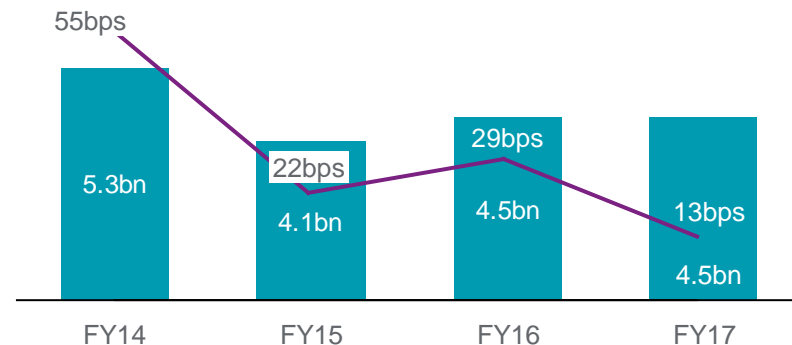
Unit linked (reserves/AMC)



Participating (reserves/bonus)



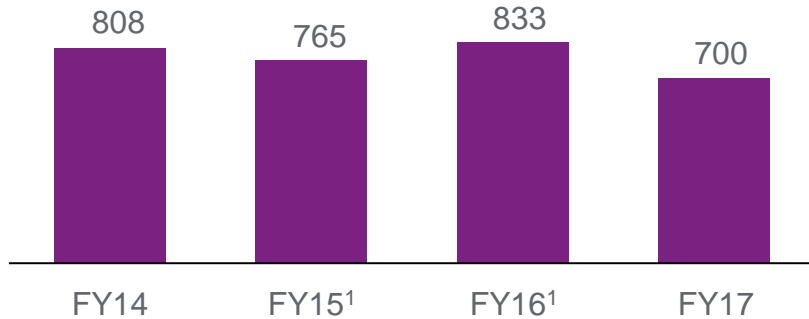
Spread (reserves/margin)



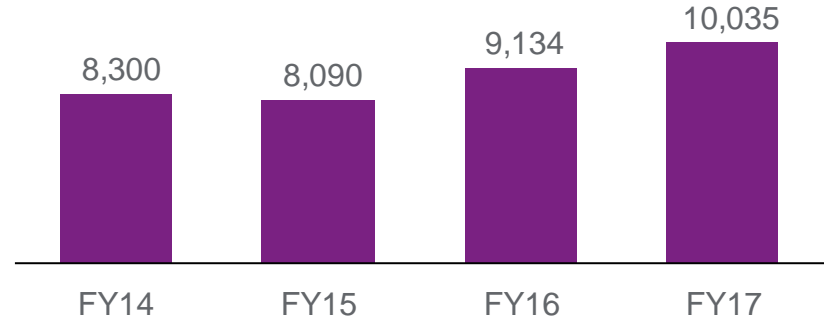
General insurance & health

General insurance and health (Group)

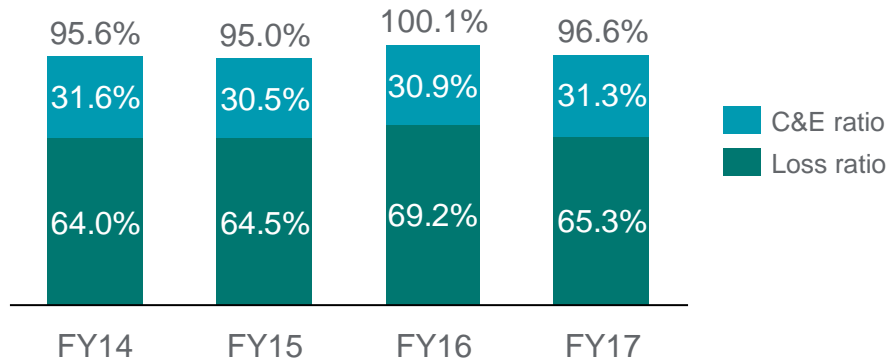
Operating profit²



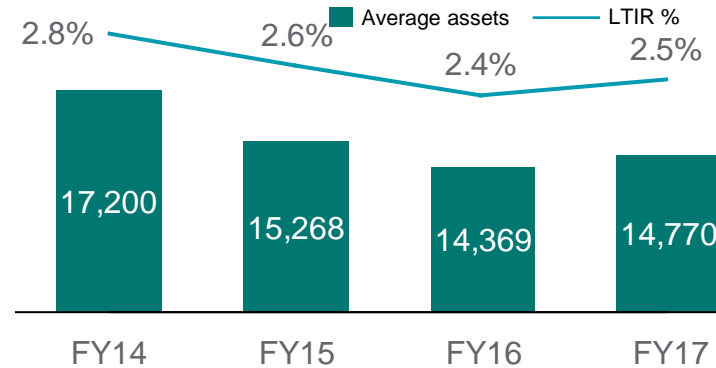
Net written premium



GI Combined operating ratio⁷

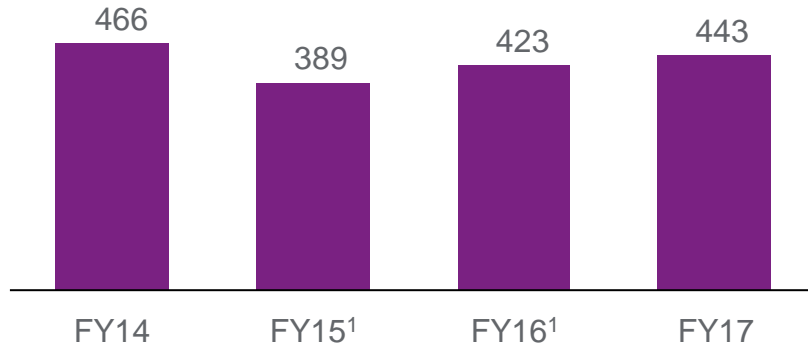


Investments

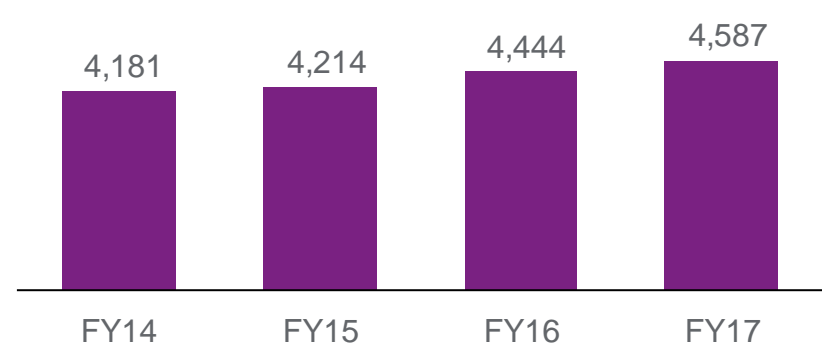


General insurance and health (UK⁴)

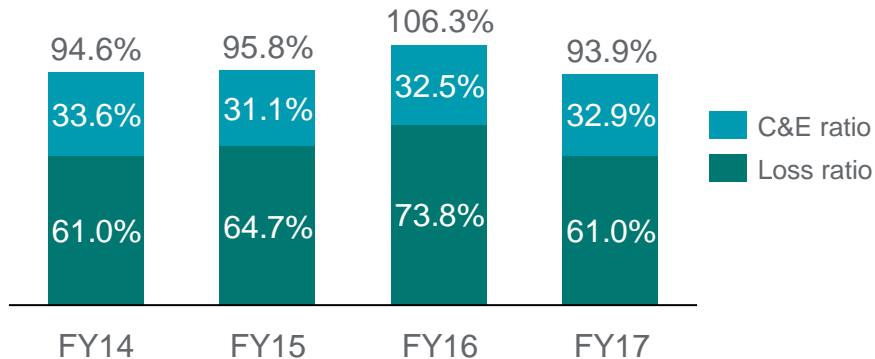
Operating profit²



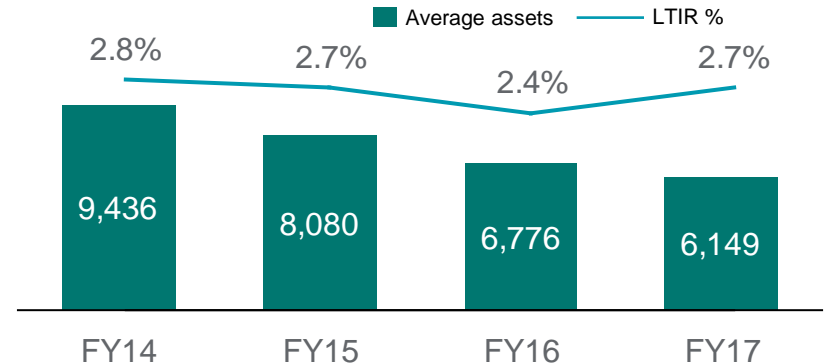
Net written premium



GI Combined operating ratio⁷

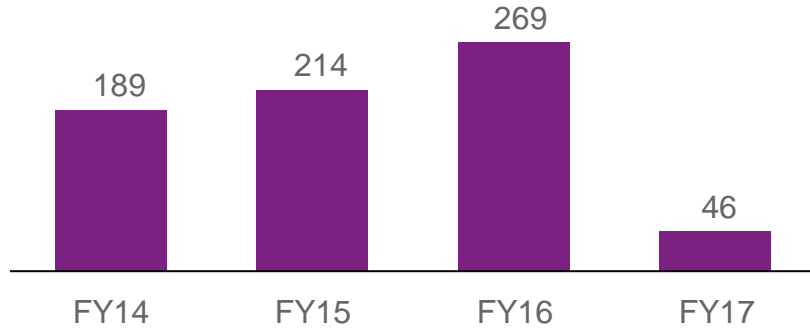


Investments

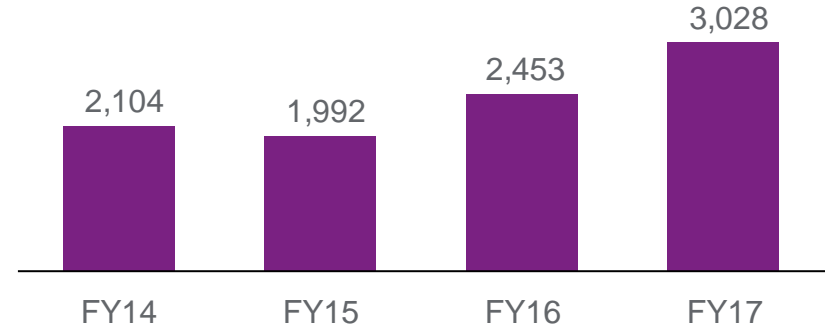


General insurance and health (Canada)

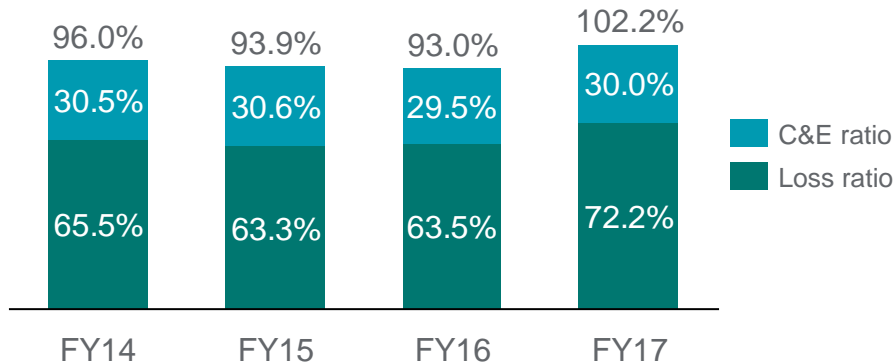
Operating profit²



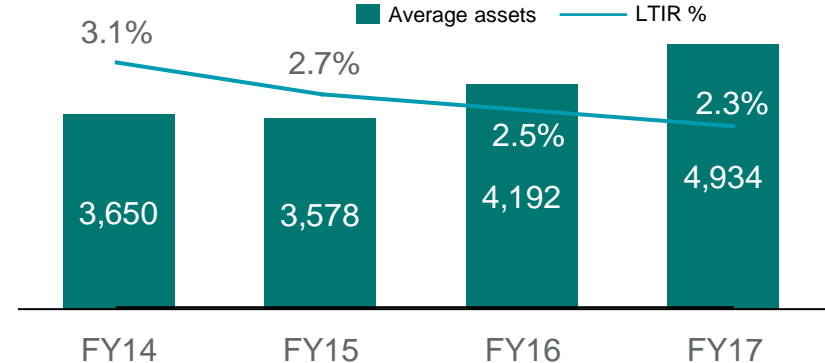
Net written premium



GI Combined operating ratio⁷

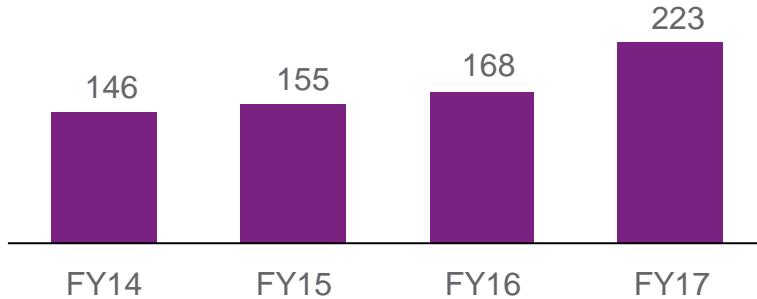


Investments

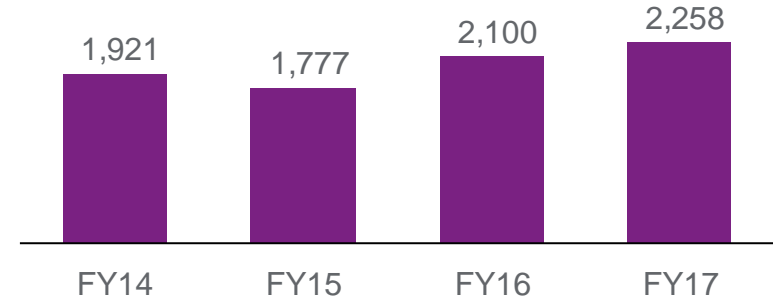


General insurance and health (Europe⁴)

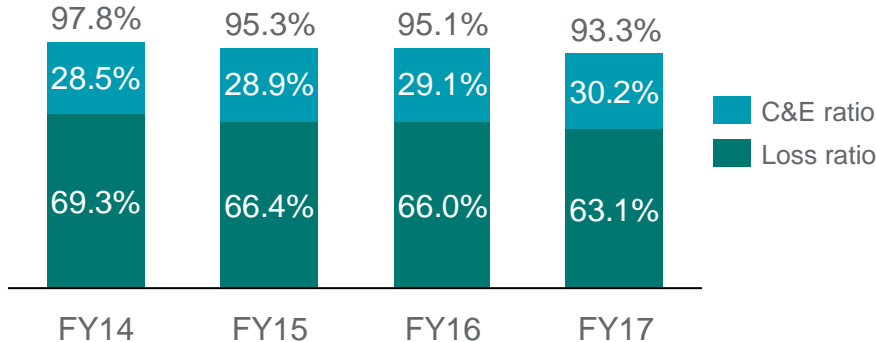
Operating profit²



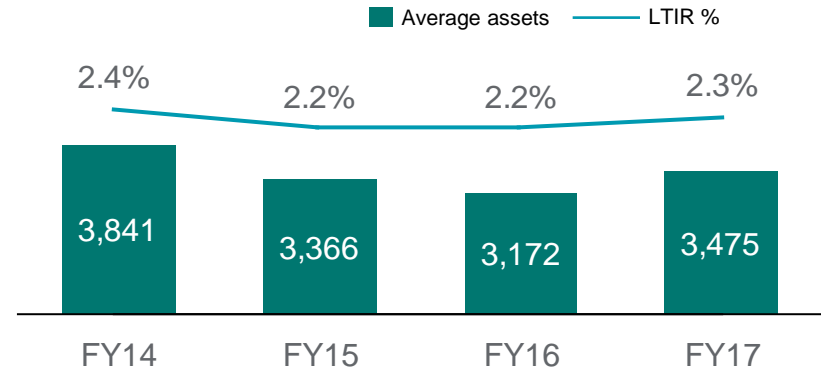
Net written premium



GI Combined operating ratio⁷



Investments



Earnings per share

Operating earnings per share

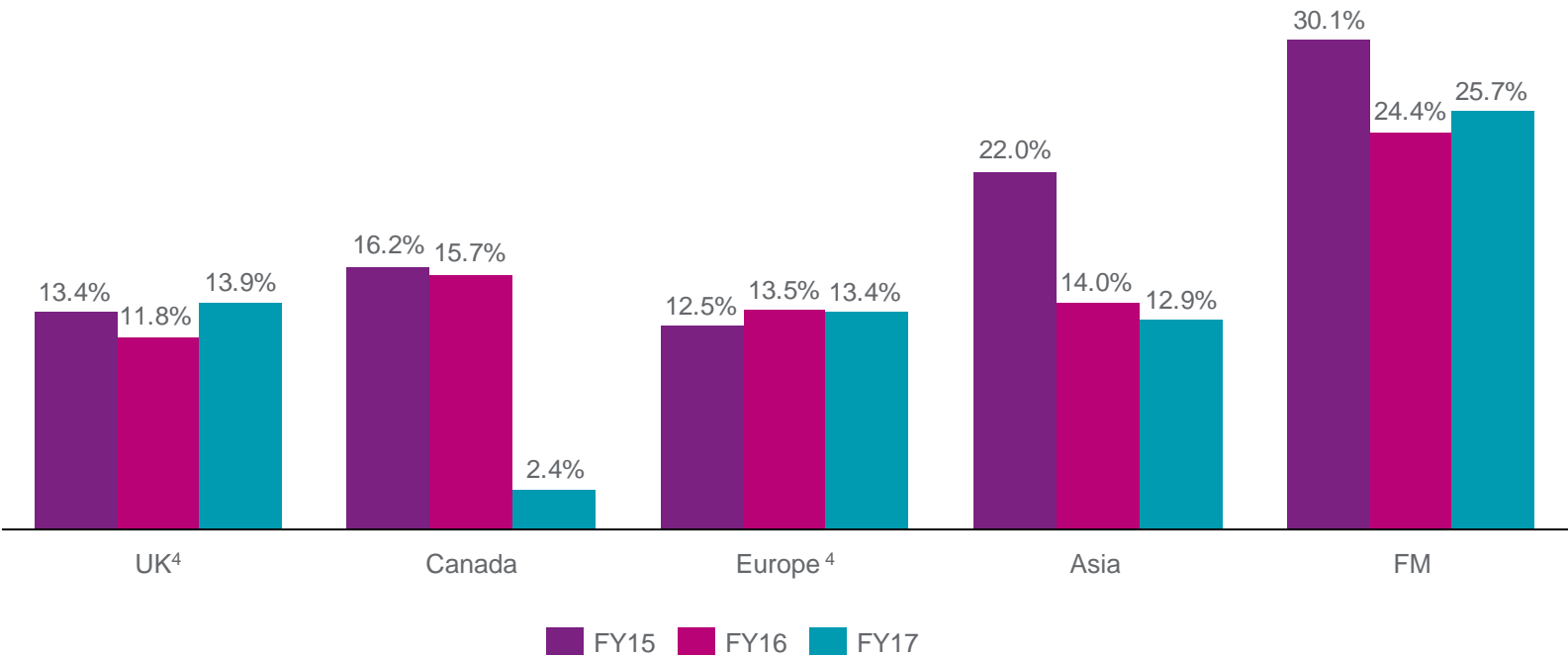
	FY16	FY17
Group operating profit ²	3,010	3,068
Less operating tax	(706)	(639)
Minority Interest	(147)	(134)
DCI and fixed rate tier 1 notes	(68)	(65)
Preference shares	(17)	(17)
Total operating earnings after tax, MI & DCI and preference shares	2,072	2,213
Weighted average number of shares	4,051	4,041
Operating earnings per share	51.1	54.8

Basic earnings per share

	FY16	FY17
Operating profit ² attributable to shareholders	2,072	2,213
Investment return variances and economic assumption changes on long-term business	313	86
Short-term fluctuation in return on investments backing non long-term business	(398)	(250)
Economic assumption changes on GI & Health business	(193)	(6)
Impairment of goodwill, joint ventures and associates and other amounts expensed	-	(49)
Amortisation and impairment of intangibles	(137)	(151)
Amortisation and impairment of acquired value of in-force business	(455)	(430)
Profit/(loss) on disposal and remeasurement of subsidiaries, JVs and associates	(16)	113
Integration and restructuring costs	(170)	(111)
Other	(398)	-
Profit attributable to ordinary shareholders	618	1,415
Weighted average number of shares	4,051	4,041
Basic earnings per share	15.3p	35.0p

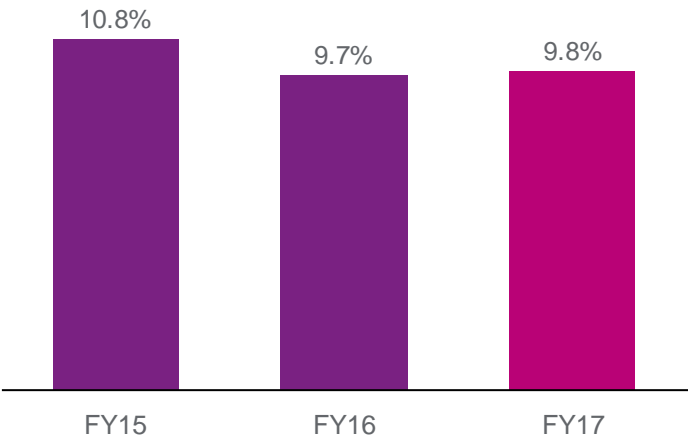
Returns

Operating return on total capital employed

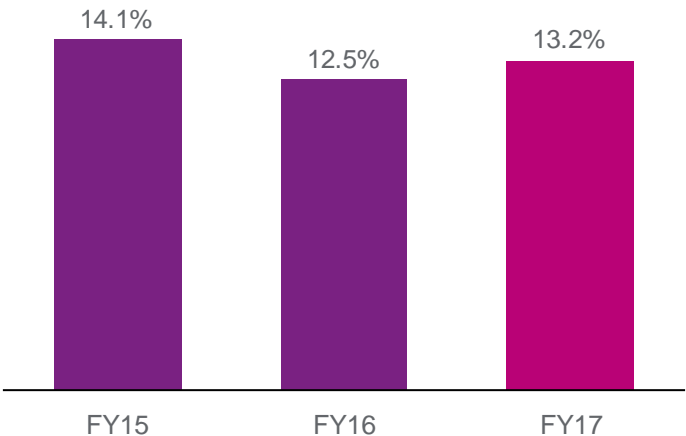


Operating return on total capital employed & return on equity

Group return on capital employed



Group return on equity



Analysis of operating return on equity

£m	Before tax	After tax	Weighted average shareholders' funds including non-controlling interests	Return on Equity %
United Kingdom Life	1,758	1,425	11,191	12.7%
United Kingdom General Insurance	443	357	1,637	21.8%
United Kingdom	2,201	1,782	12,828	13.9%
Canada	46	34	1,442	2.4%
Europe	1,096	787	5,890	13.4%
Asia	227	212	1,638	12.9%
Fund management	164	127	495	25.7%
Corporate and Other Business{4}	(273)	(196)	5,669	n/a
Return on total capital employed	3,461	2,746	27,962	9.8%
Subordinated debt	(389)	(314)	(7,224)	4.3%
Senior debt	(4)	(3)	(1,398)	0.2%
Return on total equity	3,068	2,429	19,340	12.6%
Less: Non-controlling interests	—	(134)	(1,325)	10.1%
Direct capital instrument and tier 1 notes	—	(65)	(1,025)	6.3%
Preference capital	—	(17)	(200)	8.5%
Return on equity shareholders' funds	—	2,213	16,790	13.2%

Capital & cash flows

Solvency II own funds by tier

Regulatory view*			
FY17	£bn	% of SCR	% of own funds
Tier 1	22.9	131%	77%
T1 unrestricted	20.3	116%	69%
T1 restricted	2.6	15%	9%
Tier 2	6.3	36%	21%
Tier 3	0.3	2%	1%
	29.5	169%	100%

*Estimated

Shareholder view

- Regulatory view of own funds adjusted by £4.8bn due to with-profits funds, pension schemes and other pro-forma adjustments
- Shareholder view coverage ratio of 198%³

Solvency II – sensitivities

Impact on Solvency cover ratio (SCR)

31/12/2017 SCR : 198%³

25bps increase in interest rate	4%
100bps increase in interest rate	15%
25bps decrease in interest rate	(6)%
50bps decrease in interest rate	(12)%
10% increase in market value of equity	2%
10% decrease in market value of equity	(2)%
25% decrease in market value of equity	(6)%
50bps increase in Corporate Bond spread	1%
100bps increase Corporate Bond spread	(2)%
50bps decrease in Corporate Bond spread	(1)%
10% increase in maintenance and investment expenses	(6)%
10% increase in lapse rates	(1)%
Credit downgrade on the annuity portfolio	(4)%
5% increase in mortality / morbidity rates – life assurance	(1)%
5% decrease in mortality rates – annuity business	(11)%
5% increase in gross loss ratios	(3)%

Subordinated debt profile



All debt instruments have been presented at optional first call dates at nominal values converted to GBP using 31 December 2017 rates.

Preference shares

4 separate issues of preference shares

General Accident plc preference shares*	£250m	<i>£21m p.a. interest costs</i>
------------------------------------------------	--------------	---------------------------------

140m 8.875% shares of £1, paid in January & July	£140m
--------------------------------------------------	-------

110m 7.875% shares of £1, paid in April & October	£110m
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Aviva plc preference shares	£200m	<i>£17m p.a. interest costs</i>
------------------------------------	--------------	---------------------------------

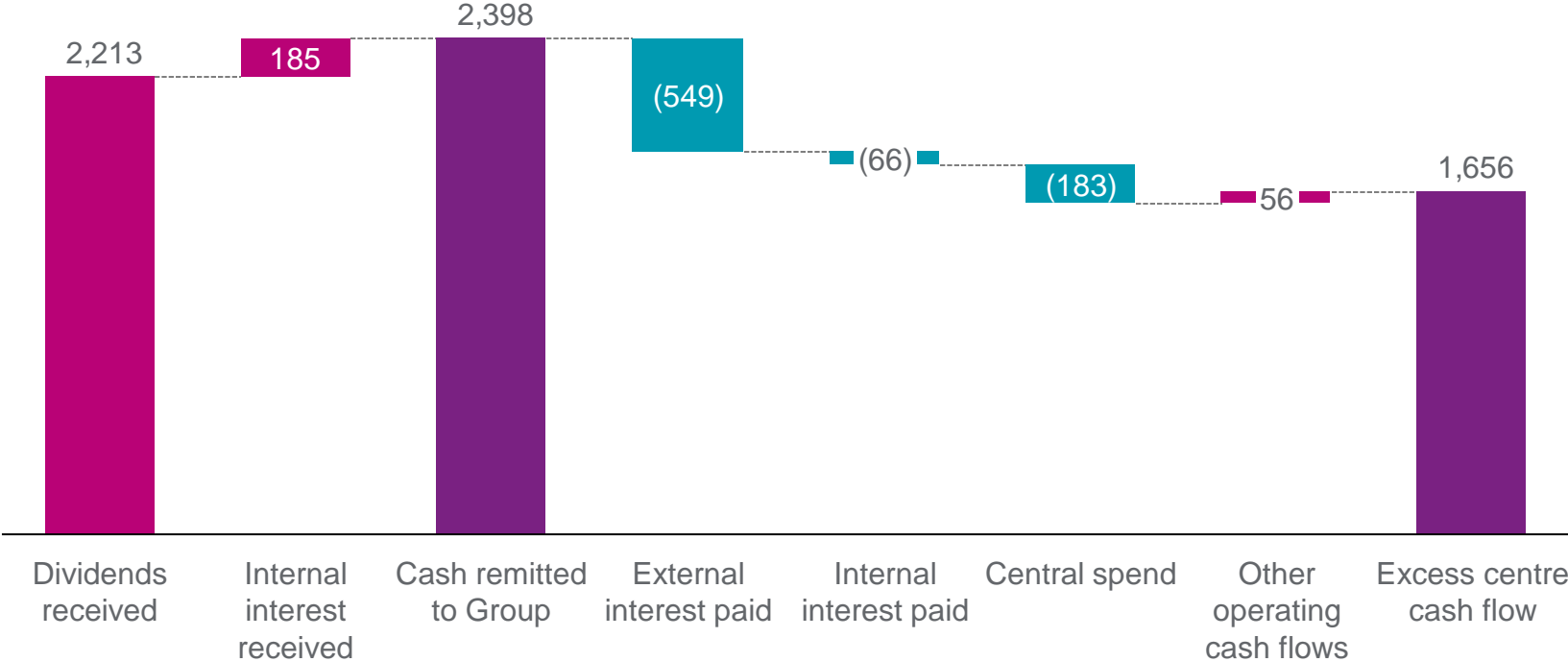
100m 8.375% shares of £1, paid in March & September	£100m
-----------------------------------------------------	-------

100m 8.75% shares of £1, paid in June & December	£100m
--------------------------------------------------	-------

Total preference share capital	£450m	<i>£38m p.a. interest costs</i>
---------------------------------------	--------------	---------------------------------

- Ability to cancel expensive preference shares through capital reduction**
- High cost, non-tax deductible, cumulative dividend
- Considered debt for leverage calculations
- No capital recognition from 1 January 2026 under Solvency II (end of transitional period)

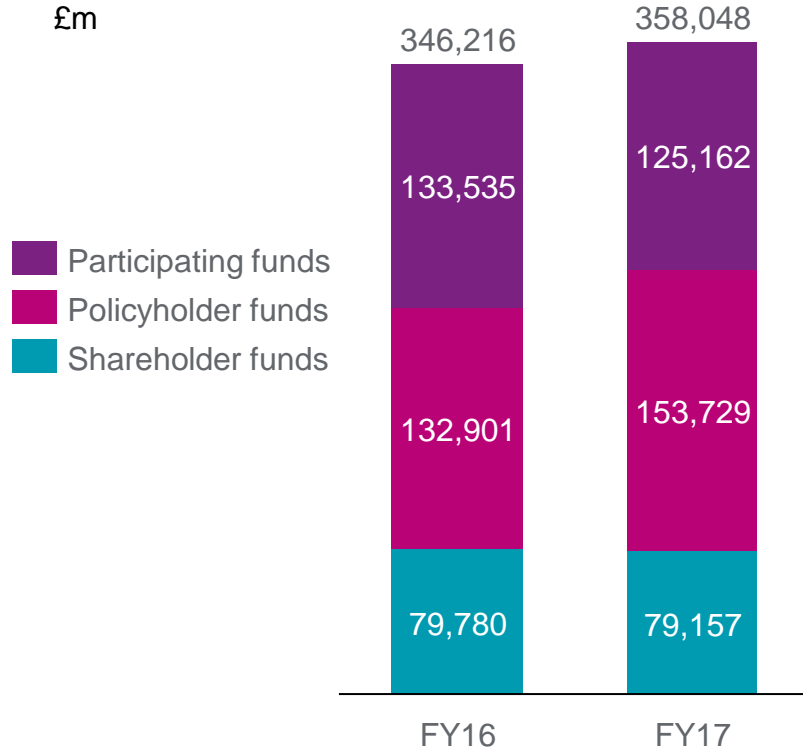
Excess centre cash flow



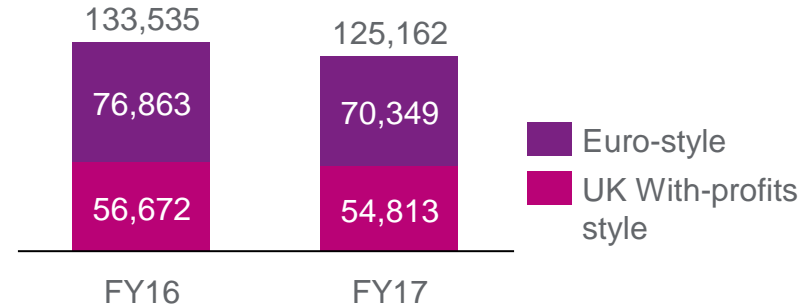
Balance sheet

Total managed assets

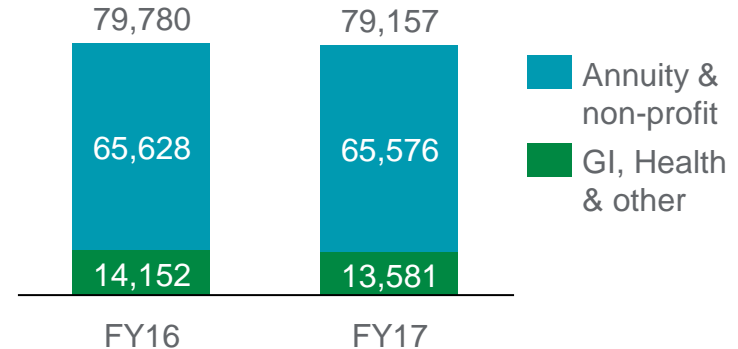
Assets by liabilities covered



Participating assets by type

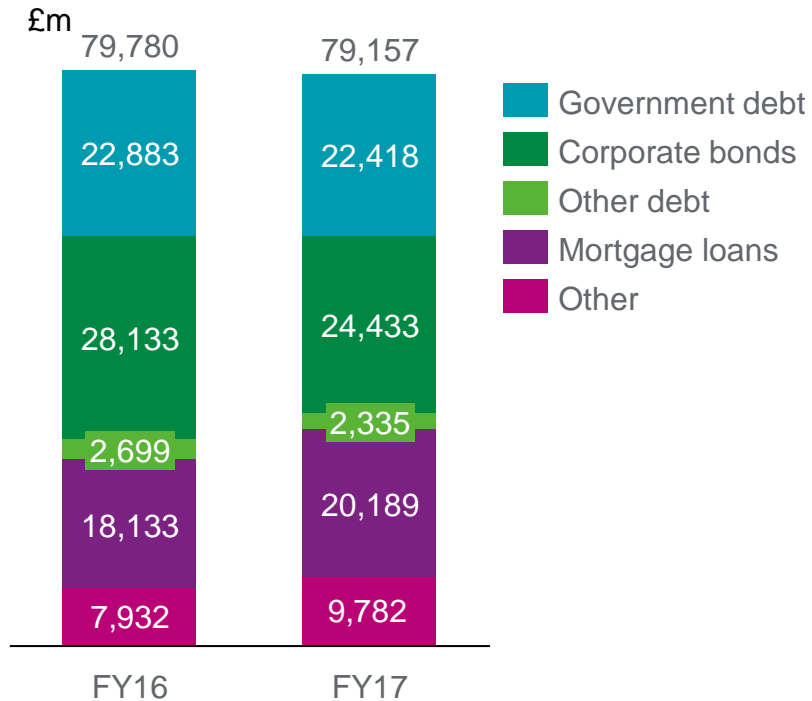


Shareholder assets by type



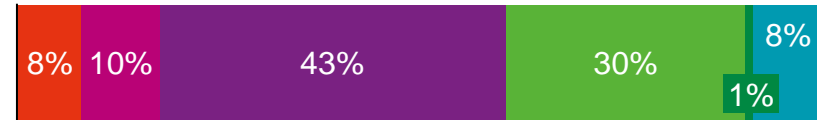
Shareholder assets

Shareholder assets by type



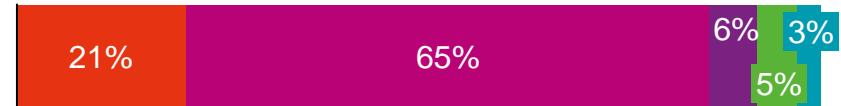
Corporate debt by rating

Total: £24,433m



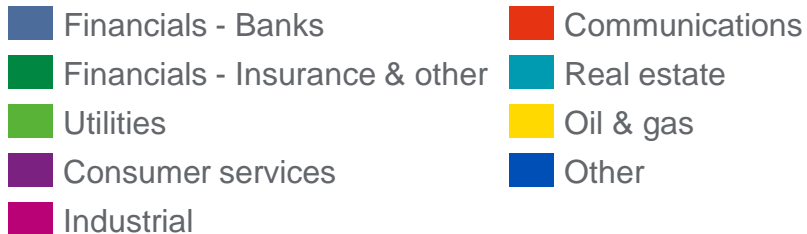
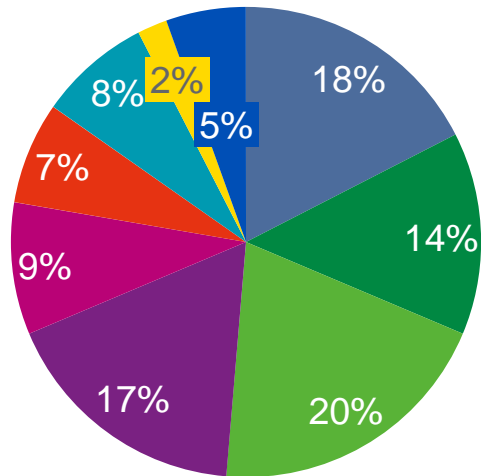
Government debt by rating

Total: £22,418



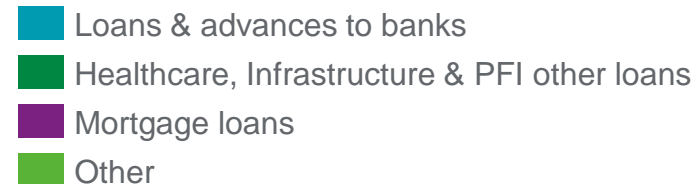
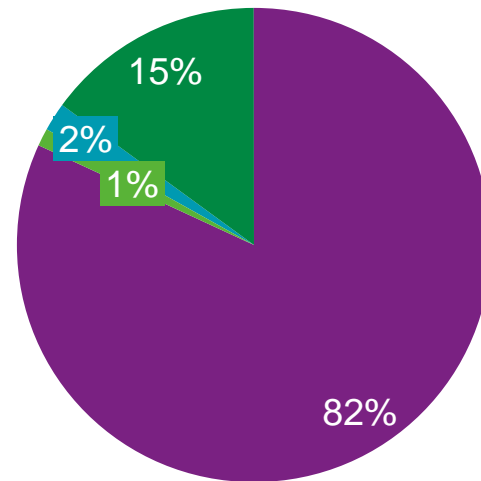
Shareholder assets

Corporate bonds by industry



Loans by type

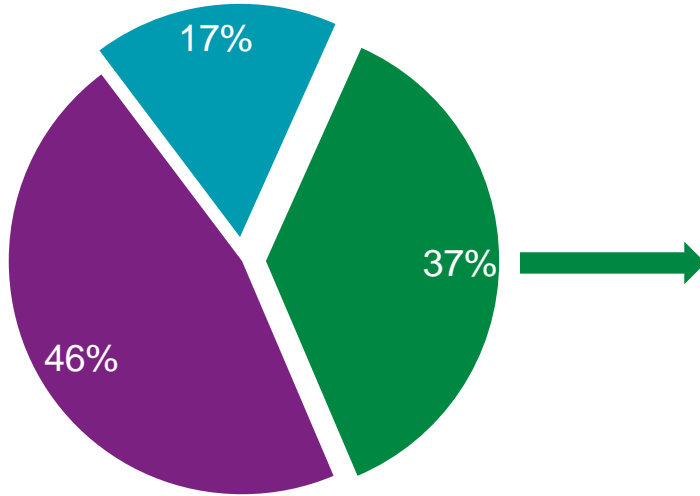
Total: £24,515m



Shareholder assets – Mortgage loans

Mortgage loans

Total: £20,189m

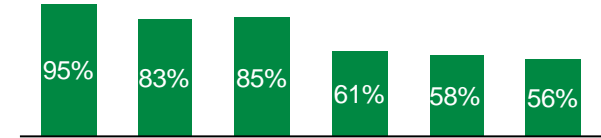


- Healthcare, infrastructure & PFI
- Commercial
- Securitised mortgage loans & equity release

Commercial real estate portfolio

Commercial: £7,547m

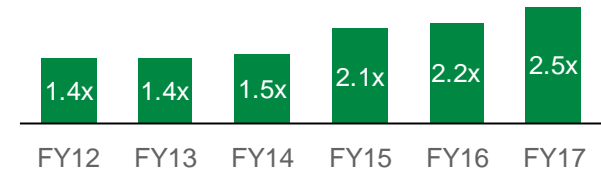
LTV



Loans in arrears



Loan interest cover

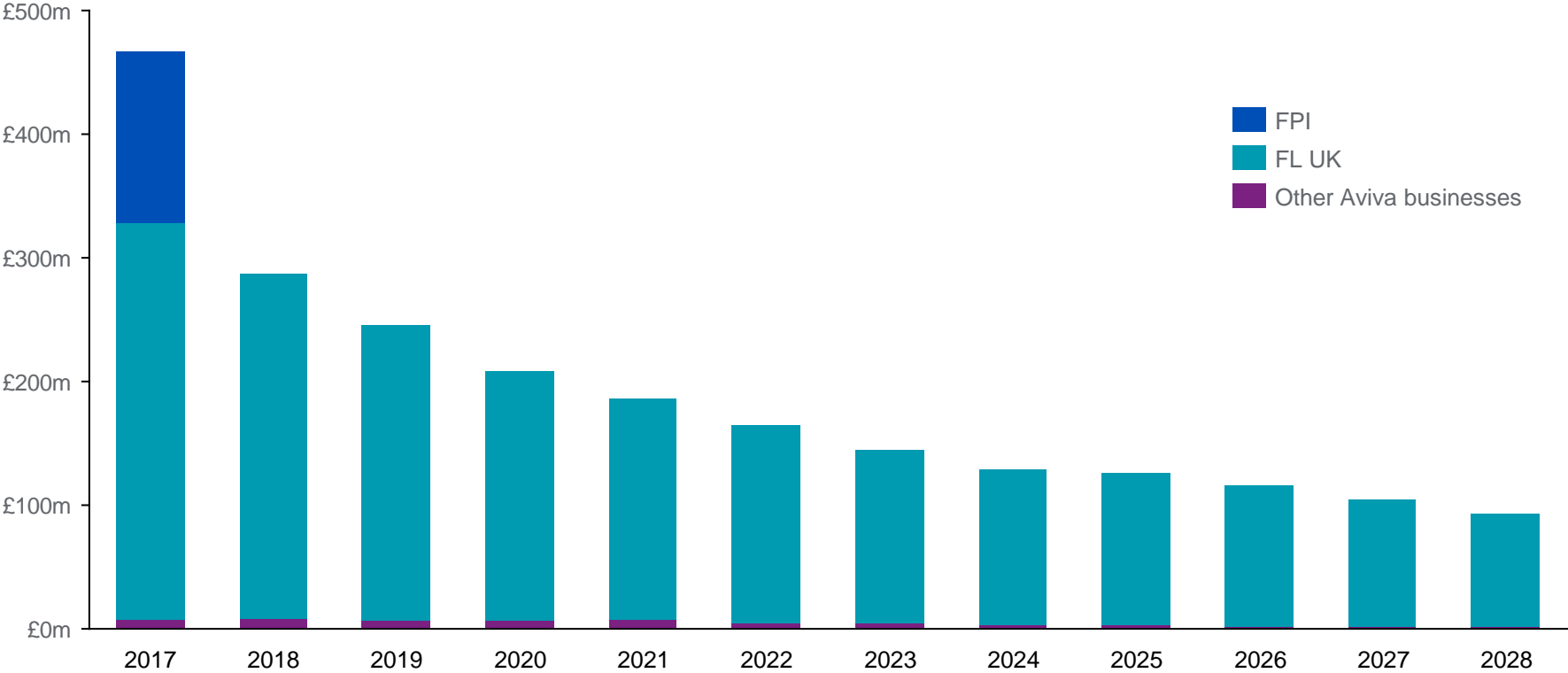


Other

Disposals – 2017 estimated contributions

	Consideration	Completion	Operating profit (before tax & MI) (£m)	Operating profit (after tax & MI)	Operating EPS (p)	IFRS NAV (Impact net of proceeds)
Antarius	€500m	1Q17	22	6	0.2	Included
Spain (Part I)	€475m	Sept. '17	51	18	0.4	Included
Spain (Part II)	€202m	Mid-18	25	8	0.2	c.£80m
Avipop	€265m	Mid-18	51	18	0.4	c.£12m
FPIL	£340m	Mid-18	119	122	3.0	c.£(118)m
Taiwan	Not disclosed	Jan. '18	Negligible	Negligible	Negligible	Negligible

Estimated amortisation of acquired value of in-force



This is our latest estimated projection as provided at FY17 and is subject to a number of factors including the effects of markets. We announced the sale of FPI in July 2017. It is expected to complete in early 2018.

Footnotes

1. 2016 and 2015 exclude the impact from an outward quota share reinsurance agreement written in 2015 and completed in 2016 in Aviva Insurance Limited (AIL) and the effects of Ogden in 2016.
2. Adjusted operating profit is an Alternative Performance Measure (APM) which is used by the Group to supplement the required disclosures under IFRS.
3. The estimated Solvency II position represents the shareholder view. This excludes the contribution to Group Solvency Capital Requirement (SCR) and Group Own Funds of fully ring fenced with-profits funds of £3.3 billion (2016: £2.9 billion) and staff pension schemes in surplus of £1.5 billion (2016: £1.1 billion). These exclusions have no impact on Solvency II surplus. The estimated Solvency II position includes the pro forma impacts of the disposals of Friends Provident International Limited (£0.1 billion increase to surplus) and the Italian Avipop Assicurazioni S.p.A (£0.1 billion increase to surplus). The 31 December 2016 Solvency II position included pro forma adjustments for the impact of the announced disposal of Antarius and the future impact of changes to UK tax rules announced by the Chancellor of the Exchequer's Autumn statement, which was removed following clarification in the 13 July 2017 Finance Bill. The 31 December 2016 Solvency II position also includes an adverse impact of a notional reset of the transitional provisions (TMTP) to reflect interest rates at 31 December 2016 £0.4 billion decrease to surplus
4. Following the launch of UK Insurance which brings together UK Life, UK General Insurance and UK Health into a combined business, the Ireland Life and General Insurance businesses have been aligned to the new management structure and reported within Europe. As a result, comparative balances have been restated.
5. France operating profit excludes the disposal of Antarius.
6. 2015 and 2016 operating profit movement for Ireland excludes operating profit from Ireland Health which was disposed of during 2016.
7. The combined operating ratio is now reported on an earned basis. Comparatives have been realigned to reflect this change.
8. NAV is presented net of tax & MI.
9. PVNBP and VNB are presented on an adjusted Solvency II basis.
10. Cash remitted to Group and Solvency II operating capital generation are managed at legal entity level. As Ireland constitutes a branch of the United Kingdom business, cash remittances from Ireland were not aligned to the new management structure within Europe, but they were reported within United Kingdom.
11. Excludes the impact of the Ogden discount rate change in 2016.
12. FFA: Fédération Française de l'Assurance
13. Movements are in constant currency